REDEVELOPMENT
CORPORATION
CHULA VISTA

DATE: March 13, 2008

TO: CVRC Board Directors

FROM: Maria Kachadoorian, Chief Financial Officer MK

VIA: David Garcia, Chief Executive Officer EL for DRG

SUBJECT: A Resolution of the Chula Vista Redevelopment Corporation recommending the issuance by the Redevelopment Agency of the City of Chula Vista of not to exceed $24 million principal amount 2008 Tax Allocation Refunding Bonds for the Merged Redevelopment Project

BACKGROUND:
On January 22, 2008, a resolution of the Redevelopment Agency of the City of Chula Vista was approved declaring the intent to refund the 2000 Tax Allocation Bonds (TAB). On January 24, 2008, the CFO provided the financing plan for the proposed 2000 TAB refunding. At that time the Directors were advised that a request for recommending authorization to the Redevelopment Agency Board would be forthcoming if it was deemed financially feasible to refund the TABs.

RECOMMENDATION:
That the Board of Directors of the Corporation approve the resolution recommending the issuance by the Redevelopment Agency of the City of Chula Vista of not to exceed $24 million principal amount 2008 Tax Allocation Refunding Bonds for the Merged Redevelopment Project.

DISCUSSION:
In May 2000, the City/Redevelopment Agency approved the issuance of $17.0 million in Tax Allocation Bonds to repay outstanding interfund loans, raise capital for projects, eliminate deficit balances in the project areas as well as fund staff and operating costs on an ongoing basis. As of June 30, 2007, there was $15.5 million in outstanding bonds with a net interest cost of 5.32% and a final maturity date of 2030. Based on a preliminary analysis conducted by Harrell & Co. in January 2008, strictly on a contingent fee basis, it appeared that the Agency would save approximately $40,000 per year on their annual debt service payments as a result of a refunding under the then-current market conditions with an assumed interest rate of 4.4%.

As of June 30, 2007, the Redevelopment Agency owes the General Fund $30.3 million primarily due to the Town Centre II Certificates of Participation. Beginning in fiscal year 2007-08 the debt service payments have been paid directly by the Redevelopment Agency. In order to reduce the outstanding loan and to assist in relieving the City's fiscal stress, an additional $3.7 million (estimated) was proposed to be added to the principal of the refunded bonds and be used to repay the General Fund. For federal tax purposes bond proceeds need to be spent within three years. Repayment of Agency interfund loans are not treated as expenditures of bond proceeds, for those purposes, expenditures of bond proceeds will be tracked through the timely capital expenditures of repaid funds. An additional $800,000 of additional proceeds would also be added to the financing to provide the Agency with funds for street improvements.

The Agency Board authorized finance staff to work with Harrell and Co., E.J. De La Rosa and the Agency's Bond Counsel firm of Stradling, Yocca, Carlson & Rauth to analyze all facets of the potential refunding/restructuring, and proceed with the preparation of the necessary legal documents for Agency approval to authorize the sale of the refunding bonds on a "negotiated basis".

A negotiated sale is best described as a "pre-marketed" sale given the ample time provided to a) structure the bonds to meet (ever changing) investor preferences b) explain the credit of the Agency to the complete satisfaction of prospective investors, and c) create investor capacity to purchase the bonds by working with investors to sell current holdings to generate investable cash and provide flexibility in timing the actual sale of bonds. A negotiated sale includes a pre-selection of an underwriter and a negotiated interest cost, based on market conditions at the time of the sale. Due to the various complexities surrounding the project areas and time being of the essence, this potential refunding lends itself to a negotiated sale. This will allow ample time and opportunity to address any questions.

FISCAL IMPACT:

Based on preliminary projections in January, a refunding of all the outstanding bonds would have provided an annual debt service savings to the Redevelopment Agency of $40,000 or a net present value of $500,000 over the remaining 22 years of the bonds based on an assumed interest rate of 4.4%. As part of the financing plan, the term of the debt was to be extended out an additional 6 years to take better advantage of the project areas term to collect tax increment and repay debt and to restructure and reduce debt service by an additional $250,000 in each of the first 5 years ($1,250,000 in total), providing some additional cashflow to the Agency while its 2003 COPs for the parking structure were outstanding.

Several things have occurred since January that has had an impact on the municipal bond market. Particularly, more bond insurers have had their ratings downgraded below AAA. This has caused some investors to get out of the municipal market and into the treasury market and other markets instead. This has had the affect of driving interest rates on municipal bonds up. As noted, in January 2008, the effective interest rate on the refinancing/restructuring would have been 4.4%. As of March 7, 2008, the effective interest rate is estimated at 5.3%.

As a result of the rate increase, at present, there are no savings to be generated by refunding all of the 2000 Bonds. However, with the goal of providing additional cashflow in the next five years, it is possible to refinance the first 10 years of maturities of the 2000 Bonds (bonds maturing between 2008 and 2018) at a break-even, extend those maturities and provide a total cashflow savings in the first five years of $1,166,000 (compared to the $1,250,000 original estimate). The additional funding of $4,532,000 for the repayment of the loan and the street improvements would be added to this restructured bond.

The recommendation is to approve a bond issue that would allow the Agency to issue bonds to (1) refund all or a part of the 2000 Bonds (if market conditions improve to the extent that refunding of all the 2000 Bonds provides a savings to the Agency), to repay $3,732,000 to the General Fund, (3) to fund $800,000 of street improvements and (4) to provide cashflow savings in the next five years.

All costs of issuance, including the cost of the underwriter, bond counsel, disclosure documents etc. will be paid from the bond proceeds. If a partial refunding of the 2000 bonds were to occur the fees would be reduced from the maximum numbers in the original report otherwise the fees are summarized as follows:

- Financial Advisor - A fee of $77,000 is contingent on refunding of the bonds plus expenses.

- Underwriter - The fee is .82% of the par amount of the bonds or $164,000 based on an estimated bond sizing of $20.0 million.

- Bond Counsel – A fee of approximately $80,000, which includes $30,000 for disclosure counsel work, based on an existing two-party agreement.

ATTACHMENTS:

Preliminary Official Statement

PREPARED BY: Phillip Davis, Assistant Director of Finance

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification of the securities laws of such jurisdiction.

DRAFT AS OF MARCH 7, 2008

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS
S&P: ___ (Insured)
Moody's: ___ (Insured)
S&P: __ (Underlying)
(See "CONCLUDING INFORMATION – Ratings on the Bonds" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income taxes. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity is original issue discount. See "LEGAL MATTERS – Tax Matters" herein with respect to tax consequences of the Bonds.

SAN DIEGO COUNTY — STATE OF CALIFORNIA

REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA
$20,000,000*
2008 TAX ALLOCATION REFUNDING BONDS (MERGED REDEVELOPMENT PROJECT)

Dated: Date of Delivery — **Due: September 1 as Shown on the Inside Front Cover**

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "BONDHOLDERS' RISKS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Proceeds from the sale of the Redevelopment Agency of the City of Chula Vista (the "Agency"), 2008 Tax Allocation Refunding Bonds, (Merged Redevelopment Project) (the "Bonds") will be used to (i) refinance the Agency's outstanding 2000 Tax Allocation Bonds (Merged Redevelopment Project) (the "2000 Bonds"), (ii) provide funds for redevelopment activities of the Agency, (iii) satisfy the reserve requirement for the Bonds, and (iv) provide for the costs of issuing the Bonds.

The Bonds will be issued under an Indenture of Trust, dated as of March 1, 2008, by and between the Agency and U.S. Bank National Association, as Trustee (the "Trustee"). The Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Agency's Merged Redevelopment Project Area (the "Project Area") and a pledge of amounts in certain funds and accounts established under the Indenture, as further discussed herein.

Interest on the Bonds is payable on September 1, 2008, and semiannually thereafter on September 1 and March 1 of each year until maturity or earlier mandatory or optional redemption (see "THE BONDS - General Provisions" and "THE BONDS – Redemption" herein).

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by ___________________________ simultaneously with the delivery of the Bonds. See "SOURCES OF PAYMENT FOR THE BONDS – Bond Insurance."

[LOGO]

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed on for the Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel and for the Underwriter by its Counsel, ___________________________. The City Attorney will pass on certain matters for the Agency as its General Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about April 15, 2008 (see "APPENDIX H – BOOK-ENTRY-ONLY SYSTEM" herein).

The date of the Official Statement is __________, 2008.

E. J. DE LA ROSA & CO., INC.

3-5

* Preliminary, subject to change.

REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA
$20,000,000*
2008 TAX ALLOCATION REFUNDING BONDS
(MERGED REDEVELOPMENT PROJECT)

MATURITY SCHEDULE

(Base CUSIP®† 171317)

Maturity Date September 1	Principal Amount	Interest Rate	Reoffering Yield	CUSIP®†

* Preliminary, subject to change.

† CUSIP® A registered trademark of the American Bankers Association. Copyright © 1999-2007 Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. CUSIP® data herein is provided by Standard & Poor's CUSIP® Service Bureau. This data in not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Agency, the Financial Advisor nor the Underwriter takes any responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Agency in any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Agency, the Financial Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has submitted the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Information Subject to Change. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA
CHULA VISTA, CALIFORNIA

CITY COUNCIL AND AGENCY GOVERNING BOARD

Cheryl Cox, *Mayor and Chair*
Jerry Rindone, *Deputy Mayor*
Steve Castaneda, *Councilmember*
John McCann, *Councilmember*
Rudy Ramirez, *Councilmember*

CITY AND AGENCY STAFF

David Garcia, *City Manager and Executive Director*
Maria Kachadoorian, *Director of Finance/Treasurer*
Eric Crockett, *Assistant Director of Redevelopment and Housing*
Ann Moore, Esq., *City Attorney*
Donna Norris, *Interim City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Stradling Yocca Carlson & Rauth
a Professional Corporation
Newport Beach, California

Financial Advisor
Harrell & Company Advisors, LLC
Orange, California

Underwriter
E. J. De La Rosa & Co., Inc.
Los Angeles, California

Trustee and Escrow Bank
U.S. Bank National Association
Los Angeles, California

Verifications
Grant Thornton LLP
Minneapolis, Minnesota

TABLE OF CONTENTS

INTRODUCTION **1**
- The Agency 1
- The City 1
- Security and Sources of Repayment 1
- Purpose 2
- Tax Matters 3
- Professional Services 3
- Offering of the Bonds 3
- Information Concerning this Official Statement 4

THE BONDS **4**
- General Provisions 4
- Redemption 5
- Scheduled Debt Service on the Bonds 7

THE FINANCING PLAN **8**
- The Refunding Program 8
- Estimated Sources and Use of Funds 8

SOURCES OF PAYMENT FOR THE BONDS **9**
- Tax Allocation Financing 9
- Tax Revenues 9
- Pledge of Tax Revenues 10
- Reserve Account 11
- Issuance of Additional Debt 11
- Bond Insurance 12

THE AGENCY **12**
- Government Organization 12
- Agency Powers 12
- The Chula Vista Redevelopment Corporation 13
- Redevelopment Plans 13
- Plan Limitations 14
- Low and Moderate Income Housing 16

THE PROJECT AREA **16**
- Description of the Town Centre II Project Area 16
- Description of the Otay Valley Road Project Area 17
- Description of the Southwest Project Area 18
- Description of the Amendment Area 19
- Project Area Assessed Valuations 20
- Major Taxpayers 21
- Assessment Appeals 21
- Tax Collections 21
- Outstanding Indebtedness of the Project Area 22

FINANCIAL INFORMATION **23**
- Agency Budgetary Process and Administration 23
- Agency Accounting Records and Financial Statements 23
- Projected Tax Revenues and Debt Service Coverage 25

BONDHOLDERS' RISKS **26**
- Factors Which May Affect Tax Revenues 26
- State of California Fiscal Issues 29
- Secondary Market 30
- Loss of Tax Exemption 30

LEGAL MATTERS **30**
- Enforceability of Remedies 30
- Approval of Legal Proceedings 30
- Tax Matters 31
- Absence of Litigation 31

CONCLUDING INFORMATION **32**
- Ratings on the Bonds 32
- The Financial Advisor 32
- Continuing Disclosure 32
- Underwriting 33
- Verifications of Mathematical Computations 33
- Additional Information 33
- References 33
- Execution 33

APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B –PROJECTED TAX REVENUES

APPENDIX C - CITY OF CHULA VISTA INFORMATION STATEMENT

APPENDIX D – AGENCY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2007

APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F – FORM OF BOND COUNSEL OPINION

APPENDIX G – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

APPENDIX H - BOOK-ENTRY-ONLY SYSTEM

OFFICIAL STATEMENT

REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA
$20,000,000*
2008 TAX ALLOCATION REFUNDING BONDS
(MERGED REDEVELOPMENT PROJECT)

This Official Statement which includes the cover page and appendices (the "Official Statement") is provided to furnish certain information concerning the sale of the Redevelopment Agency of the City of Chula Vista 2008 Tax Allocation Refunding Bonds (Merged Redevelopment Project) (the "Bonds"), in the aggregate principal amount of $20,000,000*.

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Agency

The Redevelopment Agency of the City of Chula Vista (the "Agency") is a public body, corporate and politic, existing under and by virtue of the Community Redevelopment Law of the State, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State (the "Redevelopment Law"). The Agency was activated by the City Council of the City of Chula Vista in 1972. The City Council, at the same time, declared itself to be the members of the Agency and appointed the City Manager to be the Agency's Executive Director (see "THE AGENCY" herein).

The City

The City of Chula Vista (the "City") is located along the San Diego Bay in Southern California, 8 miles south of San Diego and 7 miles north of the Mexico border in an area generally known as "South Bay." The City encompasses approximately 50 square miles. Based on population, Chula Vista is the second largest city in San Diego County (see "APPENDIX C - CITY OF CHULA VISTA INFORMATION STATEMENT" herein).

Security and Sources of Repayment

The Bonds. The Bonds are issued and secured under an Indenture of Trust, dated as of March 1, 2008, (the "Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee") (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein).

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* Preliminary, subject to change.

3-10

The Agency has pledged to the repayment of the Bonds, and has secured by a lien on, all of the Tax Revenues. The term "Tax Revenues" means all of the taxes annually allocated to the Agency's Merged Redevelopment Project Area following the Closing Date within the Plan Limitations pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including (a) all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and (b) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, but only to the extent such amounts are specifically pledged to the payment of principal, interest and premium (if any) with respect to any Parity Debt, but excluding (i) all amounts of such taxes required to be deposited in the Low and Moderate Income Housing Fund (and not includable as set forth in (b) above), (ii) all amounts of such taxes which are payable to entities other than the City pursuant to the Tax Sharing Statutes and Tax Sharing Agreements to the extent such Tax Sharing Statutes or Tax Sharing Agreements create a prior lien on such taxes and such entities other than the City have not subordinated their right to receive payments, and (iii) amounts, if any, payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State. See "SOURCES OF PAYMENT FOR THE BONDS – Pledge of Tax Revenues," "THE AGENCY - Low and Moderate Income Housing," "APPENDIX B – PROJECTED TAX REVENUES" and "BONDHOLDERS' RISKS" herein.

The Agency may incur additional indebtedness secured by Tax Revenues on a parity with the Bonds. See "SOURCES OF PAYMENT FOR THE BONDS – Issuance of Additional Debt" herein.

The Bonds are further secured by the Reserve Account held by the Trustee. See "SOURCES OF PAYMENT FOR THE BONDS – Reserve Account" herein.

The Merged Redevelopment Project. The Merged Redevelopment Project Area (the "Project Area") was created on August 22, 2000 pursuant to an amendment to the redevelopment plans for three of the Agency's existing redevelopment projects, the Town Centre No. II Project Area, the Otay Valley Road Project Area and the Southwest Project Area. It was amended in May 2004 to add additional territory (the "Amendment Area"). The Redevelopment Plan for the Town Centre No. II Project Area ("Town Centre II Project Area") was adopted in 1978. The Town Centre II Project Area consists of ~~144~~212 acres of mixed commercial and municipal uses. The Redevelopment Plan for Otay Valley Road Project Area (the "Otay Valley Road Project Area") was adopted in 1983. The Otay Valley Road Project Area consists of 770 acres of primarily industrial uses. The Redevelopment Plan for the Southwest Project Area ("Southwest Project Area") was adopted in 1990. The Southwest Project Area consists of ~~1,050~~1,100 acres of mixed residential, commercial and industrial uses. The Amendment Area encompasses approximately 494 acres along major commercial and industrial roadways, primarily in the western portion of the City. See "THE PROJECT AREA" herein.

The Bonds are special obligations of the Agency. The Bonds do not constitute a debt or liability of the City of Chula Vista, the County of San Diego, the State of California or of any political subdivision thereof, other than the Agency. The Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Chula Vista, the County of San Diego, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Agency has no taxing power.

Purpose

The Bonds are being issued to (i) refinance the outstanding 2000 Bonds, (ii) fund additional redevelopment activities of the Agency, (iii) satisfy the Reserve Requirement for the Bonds, and (iv) provide for the costs of issuing the Bonds. See "THE FINANCING PLAN" herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, the interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "LEGAL MATTERS - Tax Matters" herein.

Professional Services

The legal proceedings relating to the issuance of the Bonds are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed on for the Agency by the City Attorney, as Agency General Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California will pass on certain matters for the Agency as Disclosure Counsel.

U.S. Bank National Association, serves as Trustee under the Indenture. The Trustee will act on behalf of the Bondholders for the purpose of receiving all moneys required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

Harrell & Company Advisors, LLC (the "Financial Advisor") advised the Agency as to the financial structure and certain other financial matters relating to the Bonds.

Grant Thornton LLP, Minneapolis, Minnesota, upon delivery of the Bonds, will deliver its opinion stating that it has verified the mathematical accuracy of the computations prepared by the Financial Advisor indicating that the principal and interest on the invested funds under the Escrow Agreement will be sufficient to pay, when due, the principal and interest on, and the redemption price of the 2000 Bonds (see "CONCLUDING INFORMATION - Verifications of Mathematical Computations" herein).

The Agency's audited general purpose financial statements for the fiscal year ended June 30, 2007, attached hereto as "APPENDIX D" have been audited by Moreland & Associates, Inc, Certified Public Accountants, Newport Beach, California. The Agency's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. Accordingly, the auditor has not performed any post-audit of the financial condition of the Agency.

Offering of the Bonds

Authority for Issuance. The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. ______ of the Agency adopted on ________, 2008, the Redevelopment Law and Articles 10 and 11 of Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code (the "Bond Law").

Offering and Delivery of the Bonds. The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about April 15, 2008. See "APPENDIX H - BOOK-ENTRY-ONLY SYSTEM."

Information Concerning this Official Statement

This Official Statement speaks only as of its date. The information set forth herein has been obtained by the Agency with the assistance of the Financial Advisor from sources other than the Agency which are believed to be reliable and such information is believed to be accurate and complete, but such information is not guaranteed as to accuracy or completeness, nor has it been independently verified and is not to be construed as a representation by the Financial Advisor or Disclosure Counsel. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended as such and are not to be construed as representations of fact.

Preliminary Official Statement Deemed Final. The information set forth herein is in a form deemed final, as of its date, by the Agency for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under the Rule). The information herein is subject to revision, amendment and completion in a Final Official Statement. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Agency since the date hereof.

Availability of Legal Documents. The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Financial Advisor. Copies of these documents may be obtained after delivery of the Bonds at the trust office of the Trustee, U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California, 90071 or from the Agency at 276 Fourth Avenue, Chula Vista, California 91910.

THE BONDS

General Provisions

Repayment of the Bonds. Interest on the Bonds is payable at the rates per annum set forth on the inside front cover page hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds shall be payable commencing September 1, 2008 and each September 1 and March 1 (each an "Interest Payment Date,") next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full. Interest shall be paid on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten days prior to such special record date.

3-13

Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the Office of the Trustee maintained for such purposes. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee may refuse to transfer or exchange any Bond during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption.

Book-Entry Only System. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants (as defined herein), which will in turn remit such interest and principal to Beneficial Owners (as defined herein) of the Bonds (see "APPENDIX H - BOOK-ENTRY-ONLY SYSTEM" herein). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Trustee will send any notices to bondholders only to DTC.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture. In addition, the following provisions shall apply: interest on the Bonds will be paid on each Interest Payment Date by check of the Trustee mailed on such Interest Payment Date by first class mail, to the person appearing on the registration books of the Trustee as the Owner thereof as of the close of business on the preceding Record Date, at such Owner's address as it appears on the registration books of the Trustee; provided however, that at the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which request is on file with the Trustee as of any Record Date, interest with respect to such Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such request. The principal and prepayment price represented by any Bond at maturity or upon prepayment will be payable upon presentation and surrender of such Bond at the Office of the Trustee, or at such place as may be designated by the Trustee.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 2018 shall not be subject to optional redemption prior to their respective maturities. The Bonds maturing on or after September 1, 2019 shall be subject to redemption in whole, or in part among such maturities as shall be determined by the Agency, and in any case by lot within a maturity, at the option of the Agency, on any date on or after September 1, 2018, at the option of the Agency from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus a premium, (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the date fixed for redemption as follows:

Redemption Dates	Redemption Price
September 1, 2018 through August 30, 2019	102.0%
September 1, 2019 through August 30, 2020	101.0%
September 1, 2020 and thereafter	100.0%

3-14

Notice of Redemption. When redemption is authorized or required, the Trustee on behalf and at the expense of the Agency shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least thirty but not more than sixty days prior to the date fixed for redemption; provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

Additionally, on the date on which the notice of redemption is mailed to the Owners of the Bonds pursuant to the provisions above, such notice of redemption shall be given by (i) first class mail, postage prepaid, (ii) confirmed facsimile transmission, or (iii) overnight delivery service to the Agency, to each of the Securities Depositories and to one or more of the Information Services as shall be designated in writing by the Agency to the Trustee.

Conditional Notice of Optional Redemption of Bonds. With respect to the optional redemption of the Bonds at the request of the Agency filed with the Trustee, the notice of such redemption shall state that such redemption is conditioned upon the receipt by the Trustee on or before the date fixed for such redemption of sufficient funds for such purpose from any issue of refunding bonds. In the event that sufficient funds shall not have been deposited with the Trustee on or before the date fixed for redemption, the Trustee shall promptly notify the Owners of the Bonds in writing; and thereupon such redemption and the notice thereof shall be deemed to be canceled and rescinded.

Effect of Redemption. From and after the date fixed for redemption, if notice of redemption shall have been duly mailed and funds available for the payment of the principal of and interest on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Partial Redemption. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Scheduled Debt Service on the Bonds

The following is the scheduled Debt Service on the Bonds.

Bond Year Ending September 1	Principal	Interest	Annual Debt Service
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
Total			

3-16

THE FINANCING PLAN

The Refunding Program

In October 2000, the Agency issued its $17,000,000 2000 Tax Allocation Bonds, (Merged Redevelopment Project) (the "2000 Bonds") pursuant to an Indenture of Trust, dated as of October 1, 2000 (the "2000 Indenture"). As of the date of issuance of the Bonds (the "Delivery Date"), $15,110,000 of the 2000 Bonds are outstanding.

On the Delivery Date, a portion of the proceeds of the Bonds, together with certain other funds, will be deposited in trust with U.S. Bank National Association, as escrow holder (the "Escrow Bank") pursuant to the Indenture and an Escrow Agreement dated as of March 1, 2008, between the Agency and the Escrow Bank ("Escrow Agreement").

The deposit, together with investment earnings thereon, will be in an amount sufficient to pay interest on the 2000 Bonds coming due and payable through and including July 1, 2008 and to pay the redemption price of the 2000 Bonds on July 1, 2008. As a result of the deposit, the lien of the 2000 Bonds created by the 2000 Indenture, including, without limitation, the pledge of the Tax Revenues to repay the 2000 Bonds, will be discharged, terminated and of no further force and effect on the Delivery Date, upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreement. See "CONCLUDING INFORMATION – Verifications of Mathematical Computations."

Estimated Sources and Use of Funds

The Trustee will receive the proceeds from the sale of the Bonds (representing the par amount of the Bonds, plus an original issue premium of $69,374.80 less an Underwriter's discount of $28,774.46) and will apply them as shown below.

Transfer to Escrow Bank [1]
Deposit to the Redevelopment Fund
Costs of Issuance Fund [2]
Reserve Account
Total Uses

[1] Certain funds on deposit with the trustee for the 2000 Bonds will be transferred to the Escrow Bank on the Delivery Date.

[2] Expenses include fees and expenses of Bond Counsel, the Financial Advisor, Disclosure Counsel and the Trustee, costs of printing the Official Statement, bond insurance premium, rating agency fees and other costs of issuance of the Bonds.

Deposit to the Redevelopment Fund. Proceeds deposited in the Redevelopment Fund will be used to fund certain redevelopment activities of the Agency. These activities are expected to include repayment of certain advances made by the City in the approximate amount of $3,700,000 and street construction in the approximate amount of $800,000.

3-17

SOURCES OF PAYMENT FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law and the California Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, is established and becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies on behalf of which taxes are levied on property within the project area will receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes as indicated above.

Tax Revenues

As provided in each of the Redevelopment Plans for the constituent project areas, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Entities") for fiscal years beginning after the effective date of each constituent Redevelopment Plan, will be divided as follows:

1. To Taxing Entities: The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said Taxing Entities upon the total sum of the assessed value of the taxable property in the project area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Entity last equalized prior to the establishment of the project area will be allocated to, and when collected will be paid into, the funds of the respective Taxing Entities as taxes by or for said Taxing Entities; and

2. To the Agency: Except for taxes which are attributable to a tax levy by a Taxing Entity for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the Taxing Entity on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective Taxing Entity, that portion of levied taxes each year in excess of such amount, including (to the extent permitted by law) all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, will be allocated to, and when collected, will be paid to the Agency to pay the principal of and interest on loans to, money advanced to, or indebtedness incurred by the Agency to finance the Redevelopment Projects.

Tax revenues generated as set forth under (2) above and allocated to the Agency constitute Tax Increment Revenues. Tax Revenues which secure the Bonds are a portion of such Tax Increment Revenues.

Tax Revenues are defined in the Indenture to include all Tax Increment Revenues including (a) all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and (b) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, but only to the extent such amounts are specifically pledged to the payment of principal, interest and premium (if any) with respect to any Parity Debt, but excluding (i) all amounts of such taxes required to be deposited in the Low and Moderate Income Housing Fund (and not includable as set forth in (b) above), (ii) all amounts of such taxes which are payable to entities other than the City pursuant to the Tax Sharing Statutes and Tax Sharing Agreements to the extent such Tax Sharing

Statutes or Tax Sharing Agreements create a prior lien on such taxes and such entities other than the City have not subordinated their right to receive payments, and (iii) amounts, if any, payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State. See "THE PROJECT AREA - Outstanding Indebtedness of the Project Area," "THE AGENCY - Low and Moderate Income Housing," "FINANCIAL INFORMATION," and "BONDHOLDERS' RISKS" herein.

As a result of certain amendments to the Redevelopment Plans for the constituent project areas comprising the Project Area, the Agency makes certain payments to the Taxing Entities which are senior in right of payment to the Bonds and any Parity Debt (except for required payments to the City, which are subordinate). Such amounts are reflected in the Agency's projections of Tax Revenues herein.

Tax Revenues are constrained by certain plan limitations, including a limit on the total tax increment which may be allocated to the Agency for certain constituent projects comprising the Project Area and limits on the time to receive Tax Increment Revenues for any purpose. The time limit to collect Tax Increment in the Town Centre II Project Area is reached in 2031, prior to the final maturity of the Bonds. See "THE AGENCY - Plan Limitations."

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to Taxing Entities having the effect of reducing the property tax rate could reduce the amount of Tax Revenues that would otherwise be available to pay the Agency's obligations under the Indenture and thus reduce the amount of Tax Revenues available to pay the principal of and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BONDHOLDERS' RISKS" and "FINANCIAL INFORMATION – Tax Increment Revenues" herein.

Pledge of Tax Revenues

The Agency has irrevocably granted a first pledge of and lien on the Tax Revenues to the payment of principal of and interest on the Bonds and any Parity Debt pursuant to the Indenture until the Bonds and any Parity Debt have been paid, or until moneys have been set-aside irrevocably for that purpose.

The Bonds are limited obligations of the Agency. The Bonds do not constitute a debt or liability of the City of Chula Vista, the State of California or of any political subdivision thereof, other than the Agency. The Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Chula Vista, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Agency has no taxing power.

The Bonds are additionally secured by a pledge of all of the moneys in the Special Fund and the Debt Service Fund, as well as the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account. Any Tax Revenues received in any Bond Year (i.e., September 2 to the following September 1) following such time during such Bond Year as the amounts on deposit in the Special Fund held by the Agency pursuant to the Indenture equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, Principal Account, Sinking Account, Redemption Account and Reserve Account, if necessary, and for deposit into the funds and accounts established with respect to any Parity Debt, in such Bond Year will be released as surplus from the pledge and lien under the Indenture and may be used in accordance for any lawful purpose of the Agency. Moneys in the funds and accounts held by the Trustee under the Indenture may be invested in Permitted Investments in accordance with the Indenture. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Security of Bonds; Flow of Funds; Investments" contained herein.

Reserve Account

A Reserve Account for the Bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds. The amount initially required to be maintained in the Reserve Account for the Bonds, $______, is the least of 10% of the par amount of the Bonds, maximum annual debt service on the Bonds or 125% of average annual debt service on the Bonds (the "Reserve Requirement"). The Indenture provides that in lieu of a cash deposit, the Agency may satisfy all or a portion of a Reserve Requirement by means of a Qualified Reserve Account Credit Instrument (see "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions" herein).

Issuance of Additional Debt

Parity Debt. The Agency may issue or incur additional Parity Debt secured by Tax Revenues on a parity with the Bonds, subject to the following specific conditions.

(a) The Agency shall be in compliance with all covenants set forth in the Indenture, and all Supplemental Indentures.

(b) The Tax Revenues estimated to be received for the then current Bond Year, plus at the option of the Agency, the Additional Revenues, shall be at least equal to 125% of Maximum Annual Debt Service on all Bonds and any Parity Debt which will be Outstanding immediately following the issuance of such additional Parity Debt.

(c) The Supplemental Indenture providing for the issuance of such additional Parity Debt shall provide that interest thereon shall not be payable on any dates other than March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable.

(d) The Supplemental Indenture providing for the issuance of such additional Parity Debt shall provide for the deposit into the Reserve Account of an amount required to cause the balance therein to equal the full amount of the Reserve Requirement (which may be maintained in whole or in part in the form of a Qualified Reserve Account Credit Instrument).

(e) The issuance of such additional Parity Debt shall not cause the Agency to exceed any applicable Plan Limit.

(f) The proceeds of such Parity Debt may be deposited into an escrow fund from which amounts may not be released to the Agency unless and until the Tax Revenues, estimated to be received for the then current Bond Year, (as evidenced in the written records of the County) at least equal 125% of the amount of Maximum Annual Debt Service (computed in accordance with part (b) hereof).

(g) The Agency shall not issue any Parity Debt bearing interest at a variable rate without the consent of the Bond Insurer.

The Agency shall deliver to the Trustee and the Bond Insurer a Certificate of the Agency certifying that the conditions precedent to the issuance of such additional Parity Debt set forth above have been satisfied.

Notwithstanding the foregoing, Parity Debt issued to refund the Bonds may be issued without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Parity Debt is issued is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance of such Parity Debt.

3-20

Subordinate Debt. Provided such issuance will not cause the Agency to exceed any Plan Limitations, the Agency may for any purpose issue or incur obligations having a lien on the Tax Revenues which is subordinate to the pledge of the Tax Revenues to the Bonds.

Bond Insurance

[to be completed]

THE AGENCY

Government Organization

The Agency is a public body, corporate and politic, existing under and by virtue of the California Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State (the "Redevelopment Law"). The Agency was activated in 1972, and is governed by a five-member board (the "Agency Board") which consists of all members of the City Council. The Chairman and Vice Chairman are appointed to a one-year term by the Agency Board from among its members. The Agency's members and term expiration dates are as follows:

AGENCY GOVERNING BOARD

Board Member	Term Expires
Cheryl Cox, Mayor and Chair	December 2010
Jerry Rindone, Deputy Mayor	December 2008
Steve Castaneda, Councilmember	December 2008
John McCann, Councilmember	December 2010
Rudy Ramirez, Councilmember	December 2010

The City performs certain general administrative functions for the Agency and the Chula Vista Redevelopment Corporation (see "The Chula Vista Redevelopment Corporation" below). The City Manager currently serves as the Agency's Executive Director, the ~~City Clerk~~Assistant Director of Redevelopment and Housing serves as the Agency's Secretary and the City's Finance Director serves as Agency's Treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Agency. The Agency reimburses the City for such allocated costs out of available Tax Increment Revenues. Such reimbursement is subordinate to any outstanding bonds, loans and other indebtedness of the Agency. Current City Staff assigned to administer the Agency and the Chula Vista Redevelopment Corporation include:

David Garcia, *City Manager and Executive Director*
Maria Kachadoorian, *Director of Finance/Treasurer*
Eric Crockett, *Assistant Director of Redevelopment and Housing*
Ann Moore, Esq., *City Attorney*
Donna Norris, *Interim City Clerk*

Agency Powers

All powers of the Agency are vested in its members. Pursuant to the Redevelopment Law, the Agency is a separate public body and exercises governmental functions, including planning and implementing of the Project Area.

3-21

The Agency may exercise the right to issue or incur loans, advances or other indebtedness for authorized purposes and to expend their proceeds, and the right to acquire, sell, rehabilitate, develop, administer or lease property. The Agency may demolish buildings, clear land and cause to be constructed certain improvements, including streets, sidewalks and utilities, and can further prepare for use as a building site any real property which it owns or administers.

The Agency may, from any funds made available to it for such purposes, and subject to certain conditions, pay for all or part of the value of land and the cost of buildings, facilities or other improvements to be publicly owned and operated. The Agency may not construct or develop buildings, with the exception of public buildings and housing, and must sell or lease cleared property which it acquires within a redevelopment project for redevelopment in conformity with a particular redevelopment plan, and may further specify a period within which such redevelopment must begin and be completed.

The Chula Vista Redevelopment Corporation

The City formed the Chula Vista Redevelopment Corporation (the "Corporation") on June 15, 2005. The Corporation is a 501(c)3 Public Benefit Corporation, whose board of directors consists of seven members of the public meeting certain criteria for selection. The Corporation was formed to focus the City's redevelopment activities in certain areas, and carry out all City planning and zoning activities within such areas, including planning commission responsibilities and functions, design review committee responsibilities and functions and environmental review commission responsibilities and functions. Currently, the City Manager, the City's Director of Finance/Treasurer and the City Clerk serve as Chief Executive Officer, Chief Financial Officer and Secretary of the Corporation respectively. The Corporation considered and approved the issuance of the Bonds by the Agency on ________, 2008.

Redevelopment Plans

Under the Redevelopment Law, to adopt a redevelopment plan for a redevelopment project area requires the approval of the community's legislative body (here, the City Council) through the adoption of an ordinance. A redevelopment agency may only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law rather than a "plan" in the customary sense of the word. The general objectives of the Agency's Redevelopment Plan for the Merged Redevelopment Project Area are to encourage investment in the Project Area by the private sector. The Redevelopment Plan provides for the acquisition of property, the demolition of buildings and improvements, the relocation of any displaced occupants, and the construction of streets, parking facilities, utilities and other public improvements. The Redevelopment Plan also allows the redevelopment of land by private enterprise, the rehabilitation of structures, the rehabilitation or construction of low and moderate income housing, and participation by owners and the tenants of properties in the Project Area.

<u>Town Centre II Project Area</u>

The City Council approved and adopted the Redevelopment Plan for the Town Centre II Project Area on August 15, 1978, pursuant to Ordinance No. 1827. It was subsequently amended in May 19, 1987 pursuant to Ordinance No. 2207 to add certain financial provisions, on July 19, 1988 pursuant to Ordinance No. 2274, to add additional acreage, on November 8, 1994 pursuant to Ordinance No. 2610 to add limitations prescribed by Assembly Bill 1290 ("AB 1290"), on January 13, 2004 pursuant to Ordinance No. 2947 to eliminate the time limit to incur debt, on February 3, 2004 pursuant to Ordinance No. 2949 to extend the plan limits by one year under the provisions of SB 1045 and on July 25, 2006 pursuant to Ordinance No. 3039 to extend the plan limits by two years under the provisions of SB 1096. See "Plan Limitations" below.

Otay Valley Road Project Area

The City Council approved and adopted the Redevelopment Plan for the Otay Valley Road Project Area on December 20, 1983, pursuant to Ordinance No. 2059. It was subsequently amended on November 8, 1994 pursuant to Ordinance No. 2611 to add limitations prescribed by AB 1290, on January 13, 2004 pursuant to Ordinance No. 2947 to eliminate the time limit to incur debt, on February 3, 2004 pursuant to Ordinance No. 2949 to extend the plan limits by one year under the provisions of SB 1045 and on July 25, 2006 pursuant to Ordinance No. 3039 to extend the plan limits by two years under the provisions of SB 1096.

Southwest Project Area

The City Council approved and adopted the Redevelopment Plan for the Southwest Project Area on November 27, 1990, pursuant to Ordinance No. 2420. It was subsequently amended on July 9, 1991 pursuant to Ordinance No. 2467 to add additional territory, on November 8, 1994 pursuant to Ordinance No. 2612 to add limitations prescribed by AB 1290, on January 13, 2004 pursuant to Ordinance No. 2947 to eliminate the time limit to incur debt, and on February 3, 2004 pursuant to Ordinance No. 2949 to extend the plan limits by one year under the provisions of SB 1045.

Project Area Merger

The City Council concluded proceedings to merge the three redevelopment projects on August 22, 2000 and adopted Ordinance Nos. 2817, 2818 and 2819, creating the Merged Redevelopment Project Area.

Merged Project Amendment Area

The City Council approved and adopted an Amended and Restated Redevelopment Plan for Merged Redevelopment Project Area on May 4, 2004, pursuant to Ordinance No. 2962. This Amended and Restated Redevelopment Plan consolidated the three existing Redevelopment Plans for the constituent project areas, updated the public improvements and project facilities list, added property to the Merged Redevelopment Project Area boundaries (the "Amendment Area") and, subject to certain limitations, extended the eminent domain authority in the Town Centre II and Otay Valley Road constituent project areas.

Plan Limitations

The Redevelopment Plans for the constituent redevelopment projects impose certain limitations on the time that Tax Increment Revenues that the Agency may be allocated from such constituent redevelopment projects. In 1993, the State Legislature adopted Assembly Bill 1290 (AB 1290), which imposed certain time limitations on (1) the allocation of Tax Increment Revenues to a redevelopment project, (2) the effectiveness of a redevelopment plan and (3) the incurrence of debt. Section 33333.6 of the Redevelopment Law initially provided that a redevelopment agency may not pay indebtedness or receive property taxes pursuant to Section 33670 of the Redevelopment Law after ten years from the termination of the effectiveness of a redevelopment plan (which was limited to the later of January 1, 2009 or 40 years after the adoption of such redevelopment plan). In 1998, the State Legislature adopted Assembly Bill 1342 (AB 1342), which allowed redevelopment agencies to extend plan limitations to such maximum terms without having to comply with the statutory plan amendment process if such agency's existing plan limits were shorter. In 2002, the State Legislature adopted Senate Bill 211 (SB 211), allowing the elimination of the Agency's time limitation on incurring debt.

Other amendments to the required plan limitations were allowed by AB 1290 so long as, among other things, agencies made payments to the Taxing Entities pursuant to the Tax Sharing Statutes. See "APPENDIX B – PROJECTED TAX REVENUES - Tax Sharing Statutes." The Agency's amendments to the Redevelopment Plans to eliminate the limit on incurring debt with respect to the Town Centre II Project Area, the Otay Valley Road Project Area and the Southwest Project Area have triggered required payments to the Taxing Entities pursuant to the Tax Sharing Statutes with respect to these three original component redevelopment projects. In addition, the Agency makes payments to the Taxing Entities with respect to the Amendment Area, which was adopted after AB 1290. Such required payments (except for those payable to the City) are senior in right of payment to the Bonds and are reflected in the projections of Tax Revenues in the tables herein. See "APPENDIX B – PROJECTED TAX REVENUES."

In 2003, the State Legislature adopted Senate Bill 1045 (SB 1045) which provided that the governing body could adopt an ordinance to extend the limits on the termination of redevelopment plans approved prior to 1994 and the authority to collect Tax Increment Revenues by one additional year if the Agency was required to make a payment to ERAF in 2003/04. In 2004, the State Legislature adopted Senate Bill 1096 (SB 1096) which provided that the governing body could, with respect to redevelopment plans with less than 20 years remaining, adopt an ordinance to extend the limits on the termination of redevelopment plans and the authority to collect Tax Increment Revenues by one additional year for each ERAF payment if the Agency was required to make a payment to ERAF in 2004/05 and 2005/06 (see "BONDHOLDERS' RISKS – State of California Fiscal Issues" herein). The provisions of SB 1045 apply to all the constituent redevelopment projects and the provisions of SB 1096 apply only to the Town Centre II Project Area and the Otay Valley Road Project Area. Even though the constituent redevelopment projects have been merged, the limitations established with respect to a constituent redevelopment project continue to apply to such constituent redevelopment project, except with respect to the limitation on the maximum Tax Increment Revenues and on maximum outstanding bonded indebtedness as described below.

The current limitations imposed by the Redevelopment Plan for the component redevelopment projects are as follows:

Project Area	Maximum Bonded Indebtedness	Maximum Tax Increment Revenues	Plan Expiration Date	Last Date to Incur Debt	Last Date to Collect Tax Increment
Town Centre II/ 1988 Amendment	$42,500,000	$100,000,000	Aug. 15, 2021/ July 19, 2031	None	Aug. 15, 2031/ July 19, 2041
Otay Valley Road	$45,000,000	$115,000,000	Dec. 20, 2026	None	Dec. 20, 2036
Southwest/ 1991 Amendment	$150,000,000 Adjusted Annually for CPI	$15,000,000 annually	Nov. 27, 2031/ July 9, 2032	None	Nov. 27, 2041/ July 9, 2042
Amendment Area	$175,000,000	None (1)	May 4, 2034	May 4, 2024	May 7, 2049

(1) As a post-1994 redevelopment project, the Amendment Area is not required to have this limit.

3-24

As of June 30, 2007, the Agency had received Tax Increment Revenues of approximately $17,750,000 with respect to the Town Centre II Project Area and Amendment, approximately $18,932,000 with respect to the Otay Valley Road Project Area, approximately $18,656,000 with respect to the Southwest Project Area and Amendment and $2,006,000 with respect to the Amendment Area.

Low and Moderate Income Housing

In 1976, the Redevelopment Law was amended to require that for every redevelopment plan adopted after January 1, 1977, or any area which is added to a redevelopment project by an amendment to a redevelopment plan after January 1, 1977, not less than 20% of Tax Increment Revenues must be set aside annually in the Agency's Low and Moderate Income Housing Fund for the purpose of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households. In 1985, the Redevelopment Law was further amended to add substantially the same requirements with respect to plans adopted prior to January 1, 1977. No portion of the Tax Increment Revenues required to be set aside for low and moderate income housing is currently available to pay debt service on the Bonds. See "SOURCES OF PAYMENT FOR THE BONDS - Tax Revenues" herein.

THE PROJECT AREA

The Project Area is comprised of the Agency's four constituent redevelopment projects. The relative acreage from each of the constituent redevelopment projects comprising the Project Area is shown below:

Town Centre II	~~141~~ 212 Acres
Otay Valley Road	770 Acres
Southwest	~~1,050~~ 1,100 Acres
Amendment Area	494 Acres
	~~2,455~~ 2,576 Acres

Overall, residential development comprises 14% of the secured assessed value of the Project Area, commercial development comprises 55% of the secured assessed value, industrial development accounts for an additional 25% of secured assessed value and the remaining 6% of secured assessed value is derived from vacant land.

Description of the Town Centre II Project Area

The Town Centre II Project Area encompasses approximately ~~141~~ 212 acres of commercial, institutional and municipal uses in eleven non-contiguous areas of the City's central core. The Chula Vista Center, a sixty-five acre regional shopping mall, is located in the Town Centre II Project Area, as well as Scripps Memorial Hospital and the City's Civic Center Complex. The City has invested significantly in the Project Area, financing a portion of the cost of public parking structures utilized by the Chula Vista Center. The Chula Vista Center, located one-quarter mile from the I-5 freeway and seven miles from both downtown San Diego and the international border, began in 1962 as two retail areas bisected by a city street. An expansion of the center closed the street and linked the two areas by constructing an additional 140,000 square feet of leasable space. Together with the anchor tenants of the center, Macy's, Sears, and J.C. Penney's, the total center consisted of 800,000 square feet of retail space. A further expansion was undertaken in 1994, adding a 35,000 square foot 10-screen movie theater and Mervyn's department store. The current occupancy rate of the entire Chula Vista Center is approximately 93%. The Chula Vista Center accounts for 41% of the assessed value of the Town Centre II Project Area and the anchor tenants comprise an additional 22% of the secured assessed value of the Town Centre II Project Area.

The Agency also assisted in development of the South Bay Marketplace shopping center, a portion of which is located in the Town Centre II Project Area. The South Bay Marketplace is anchored by WalMart, which developed its 149,000 square foot store in 1994. Best Buy electronics store added another 44,000 square feet of retail space to the South Bay Marketplace in 2000.

Scripps Memorial Hospital Chula Vista was established in 1964. The Scripps medical facilities are located adjacent to as well as in the Town Centre II Project Area. A 40,000 square foot expansion was completed by Scripps in 1999, which provides a full range of outpatient medical care, 24 hour emergency care and ICU. Property owned by Scripps Health is exempt from property tax.

The City is currently negotiating with a developer to develop 600 rental units on a 5-acre parcel located in the Town Centre II Project Area. The site, formerly the City's public works yard, is adjacent to the trolley station at Chula Vista's E Street gateway to the City, and is well situated to maximize residential densities.

Historical assessed values for the Town Centre II Project Area are show in the table below.

TABLE NO. 1
TOWN CENTRE II PROJECT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2003/04 through 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured	$128,461,894	$161,921,532	$136,903,286	$147,351,740	$152,476,995
Unsecured	14,467,883	13,906,235	15,577,105	15,607,013	15,453,805
Total [1]	$142,929,777	$175,827,767	$152,480,391	$162,958,753	$167,930,800
Less: Base Year	(33,105,355)	(33,105,355)	(33,105,355)	(33,105,355)	(33,105,355)
Incremental Increase	$109,824,422	$142,722,412	$119,375,036	$129,853,398	$134,825,445

[1] Taxable Valuation, as of August 20 equalized roll.

Source: San Diego County Auditor-Controller.

Description of the Otay Valley Road Project Area

The Otay Valley Road Project Area is an area of approximately 770 acres located in the southeastern corner of the City, just to the east of the I-805 Freeway. The 20,000 seat outdoor Coors Amphitheatre and Knott's Soak City USA are located just outside the Otay Valley Road Project Area boundaries.

The Otay Valley Road Project Area was established in 1983 and is comprised primarily of auto center, light industrial and warehouse uses. A portion of an existing landfill overlaps the boundaries of the Otay Valley Road Project Area.

The Chula Vista Auto Park, located in the Otay Valley Road Project Area, currently has Ford, Honda, Chevrolet, Jeep/Chrysler/Plymouth, Toyota dealerships, together with South Bay Motorsports, specializing in motorcycles. A new Nissan dealership has its development plans in the City's plan check process and the City expects that construction of the new dealership on 8 acres with an adjacent 4 acre parcel for storage will be complete in 2009. There are approximately 14 acres along Auto Park Drive available for additional auto dealerships, as well as a number of adjacent smaller pads for additional auto related uses.

3-26

Retail development in the Otay Valley Road Project Area also benefits from the proximity to the freeway. The Chula Vista Crossing Center was built in 2006 on 17 acres and contains Kohl's Department Store, Babies R Us, Staples, PetsMart, Pier 1 and a number of smaller retail shops. The Agency assisted the project by funding infrastructure improvements at the entrance to the center.

Other uses in the Otay Valley Road Project Area consist of small industrial parks, used for multi-tenant warehousing or light manufacturing. Manufacturers include metal fabricators such as Gold Coast Engineering and Hyspan Precision Products, some of the City's largest employers.

There are approximately 269 remaining acres of vacant land in the Otay Valley Road Project Area.

Historical assessed values for the Otay Valley Road Project Area are show in the table below.

TABLE NO. 2
OTAY VALLEY ROAD PROJECT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2003/04 through 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured	$ 87,920,907	$102,452,293	$128,405,563	$162,850,110	$178,107,994
Unsecured	29,980,462	29,103,925	32,768,386	39,824,415	39,485,521
Total [1]	$117,901,369	$131,556,218	$161,173,949	$202,674,525	$217,593,515
Less: Base Year	(17,894,789)	(17,894,789)	(17,894,789)	(17,894,789)	(17,894,789)
Incremental Increase	$100,006,580	$113,661,429	$143,279,160	$184,779,736	$199,698,726

(1) Taxable Valuation, as of August 20 equalized roll.

Source: San Diego County Auditor-Controller.

Description of the Southwest Project Area

The Southwest Project Area is an area of approximately ~~1,050~~1,100 acres. It was created in 1990 and is zoned primarily for limited industrial and thoroughfare commercial projects. Existing commercial development is generally neighborhood retail and existing industrial development uses include mini-storage, auto-related uses and light manufacturing. The majority of residential uses are market rate and affordable apartments units, with some condominiums. The first major new development to be completed in the Southwest Project Area was the Palomar Trolley Center, a community retail center with national brand clothing stores such as Old Navy and Ross Dress for Less, a Food 4 Less grocery store, and retail uses such as Office Depot and Party City. It is easily accessed by the San Diego Trolley System and was developed with Agency assistance. The Family Resource Center, is a 75,000 square foot office building developed by the Greenwald Company. This 2-story facility with attached classrooms and conference center is used by San Diego County Health and Human Services.

Recent development in the Southwest Project Area is generally mixed-use, with retail storefronts on the ground level and rental housing units above. The Main Plaza, built in 2006, is comprised of 15,000 SF of retail space available for lease and 106 rental housing units. There has also been about 300,000 square feet of tilt-up type industrial/office buildings developed along the Main Street corridor. The Agency anticipates that similar development will occur to replace surrounding, underutilized uses such as auto repair shops, auto glass replacement, and auto body shops.

3-27

Historical assessed values for the Southwest Project Area are show in the table below.

TABLE NO. 3
SOUTHWEST PROJECT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2003/04 through 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured	$330,747,454	$353,196,449	$408,729,332	$463,314,241	$508,075,493
Unsecured	47,920,079	47,724,262	51,247,342	34,026,830	31,173,057
State Assessed	12,066,208	9,477,158	9,477,158	9,477,158	9,477,158
Total [(1)]	$390,733,741	$410,397,869	$469,453,832	$506,818,229	$548,725,708
Less: Base Year	(219,498,444)	(219,498,444)	(219,498,444)	(219,498,444)	(219,498,444)
Incremental Increase	$171,235,297	$190,899,425	$249,955,388	$287,319,785	$329,227,264

[(1)] Taxable Valuation, as of August 20 equalized roll.

Source: San Diego County Auditor-Controller.

Description of the Amendment Area

The Amendment Area was created in 2004 to encompass major commercial and industrial roadways in the western area of Chula Vista, and some commercial pockets in the northern section of the City. The Amendment Area was formed to provide continuity to the Agency's redevelopment efforts with respect to infrastructure and capital improvement projects, as it connects the various non-contiguous redevelopment project subareas located throughout the City.

The area is characterized by one-and two-story office and retail uses, built between 1950— and 1980—, apartments and motor inns. New developments in the Amendment Area include a —four-story medical office building and adjacent medical-related uses, and large retail uses such as WalMart, Costco, Target and Michael's.

The Agency is currently focusing its redevelopment effort in the Amendment Area near the intersection of ~~Third~~ Forth Avenue and ~~E~~H Street, as ~~E~~H Street is a major east-west transportation corridor between the I-5 and I-805 Freeways ~~and Third Avenue~~ represents one of the gateways to the Third Avenue downtown business district. Development of this intersection would facilitate redevelopment of what is known in the City as the "Urban Core," attract private investment along Third Avenue and H Street, and enhance the western entrance to the ~~Third Avenue~~ business district from a physical, aesthetic, and economic standpoint. ~~However, t~~The Agency also plans to provide small business loans for storefront renovation and participate in the creation of additional affordable rental housing in the Amendment Area.

Historical assessed values for the Amendment Area are shown in the table below

3-28

TABLE NO. 4
AMENDMENT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2005/06 through 2007/08

	2005/06	2006/07	2007/08
Secured	$441,524,510	$489,170,964	$542,710,859
Unsecured	30,431,681	44,627,819	46,819,993
Total [1]	$471,956,191	$533,798,783	$589,530,852
Less: Base Year	(432,403,265)	(432,403,265)	(432,403,265)
Incremental Increase	$ 39,552,926	$101,395,518	$157,127,587

[1] Taxable Valuation, as of August 20 equalized roll.

Source: San Diego County Auditor-Controller.

Project Area Assessed Valuations

The base year value and current assessed value of the constituent project areas comprising the Merged Redevelopment Project Area between fiscal years 2003/04 and 2007/08 are shown in the table below.

TABLE NO. 5
MERGED REDEVELOPMENT PROJECT AREA
BASE YEAR AND HISTORICAL ASSESSED VALUATIONS BY COMPONENT PROJECT
2003/04 through 2007/08

	Base Value	2003/04	2004/05	2005/06	2006/07	2007/08
Town Centre II	$ 33,105,355	$ 142,929,777	$ 175,827,767	$ 152,480,391	$ 162,958,753	$ 167,930,800
Otay Valley Road	17,894,789	117,901,369	131,556,218	161,173,949	202,674,525	217,593,515
Southwest	219,498,444	390,733,741	410,397,869	469,453,832	506,818,229	548,725,708
	$ 270,498,588	$ 651,564,887	$ 717,781,854	$ 783,108,172	$ 872,451,507	$ 934,250,023
Amendment Area	432,403,265	-	-	471,956,191	533,798,783	589,530,852
	$ 702,901,853			$1,255,064,363	$1,406,250,290	$1,523,780,875

Source: San Diego County Auditor-Controller.

3-29

Major Taxpayers

The ten largest property taxpayers represent 15% of the 2007/08 total assessed value of the Project Area.

TABLE NO. 6
MERGED REDEVELOPMENT PROJECT AREA
TEN LARGEST TAXPAYERS AS A PERCENT OF 2007/08 ASSESSED VALUE

Taxpayer	2007/08 Assessed Value	% of Assessed Value	Component Redevelopment Project	Land Use
CV Center	$ 68,536,516	4.5%	Town Centre II	Shopping Mall
Price REIT	24,234,945	1.6%	Amendment Area	Discount Retail Store
Sears Roebuck Co.	20,553,479	1.4%	Town Centre II	Department Store
Costco Wholesale Corp	18,993,820	1.3%	Amendment Area	Discount Retail Store
Cypress Creek Co LP	17,776,788	1.2%	Southwest	Retail Center
Naples Plaza LTD	17,458,413	1.1%	Amendment Area	Shopping Center
A S P Realty	17,034,000	1.1%	Amendment Area	Supermarket
Walmart Real Estate	14,649,513	1.0%	Town Centre II	Discount Retail Store
Kohls Department Store	14,379,898	0.9%	Otay Valley Road	Department Store
Main Plaza LP	14,329,213	0.9%	Southwest	Mixed Use
Total	$227,946,585	15.0%		

Source: City of Chula Vista.

Assessment Appeals

[to be completed].

Tax Collections

The table below represents the collection rates for taxes paid in the year levied in the Project Area for the last three fiscal years.

TABLE NO. 7
PROPERTY TAX COLLECTIONS

Component Redevelopment Project	2004/05	2005/06	2006/07
Town Centre II	98.5	97.8	97.1%
Otay Valley Road	98.5	98.0	97.3%
Southwest	98.5	98.0	97.1%
Amendment Area	N/A	98.2	97.5%

Source: San Diego County Agency Trust Fund Summary.

3-30

Outstanding Indebtedness of the Project Area

The Agency had the following obligations with respect to the Project Area as of March 1, 2008:

Description	Original Issue	Amount Outstanding	Final Maturity
(1) 2000 Tax Allocation Bonds	$17,000,000	$15,110,000	2029
(2) City Advances			N/A
(3) Reimbursement Agreement			N/A
(4) Owner Participation Agreement	1,435,000	1,435,000	2013
(5) 2005 ERAF Loan	765,000	710,000	2015
(6) 2006 ERAF Loan	930,000	930,000	2016

(1) To be refunded with proceeds of the Bonds.

(2) The Agency has entered into various promissory notes with the City. Repayment is to be made as funds become available. The City Advances have a lien on the tax increment revenues subordinate to all other indebtedness of the Project Area.

(3) The Agency has entered into a reimbursement agreement with the City to reimburse the City for debt service paid on the City's 1993 Certificates of Participation and subsequent 2003 Refunding Certificates of Participation, proceeds of which were used to finance a public parking facility. The City reimbursement has a lien on the tax increment revenues subordinate to all other indebtedness of the Project Area.

(4) The Agency entered into an agreement with Sunroad TCV Land Inc., developer of a Toyota dealership, to pay the developer an amount equivalent to a portion of the sales tax generated by the dealership. This agreement has no lien on the tax increment revenues.

(5) and (6) The Agency satisfied its obligation to pay its share of ERAF in both 2004/05 and 2005/06 by borrowing the amounts required through the California Statewide Communities Development Authority. The repayment of each year's loan is payable in 20 approximately equal semi-annual installments. The repayment obligation has no lien on Tax Revenues but is payable on an unsecured basis from any available Agency funds.

Source: Redevelopment Agency of the City of Chula Vista.

FINANCIAL INFORMATION

Agency Budgetary Process and Administration

The Redevelopment Law requires redevelopment agencies to adopt an annual budget containing the following:

(1) The proposed expenditures of the agency.

(2) The proposed indebtedness to be incurred by the agency.

(3) The anticipated revenues of the agency.

(4) The work program for the coming year, including goals.

(5) An examination of the previous years' achievements and a comparison of the achievements with the goals of the previous years' work program.

All expenditures and indebtedness of the Agency are required to be in conformity with the adopted or amended budget.

The Executive Director of the Agency is responsible for preparing the proposed budget and submitting it to the Agency. After reviewing the proposed budget at a public meeting, the Agency holds a public hearing. The Agency adopts the budget prior to the start of each fiscal year. The Director of Administrative Services is responsible for controlling expenditures within budgeted appropriations.

Agency Accounting Records and Financial Statements

Every redevelopment agency is required to present an annual report to its legislative body (being the city council) within six months of the end of each fiscal year. The annual report is required, among other things, to include an independent financial "audit report" and a fiscal statement for the previous fiscal year. The California Health and Safety Code defines "audit report" to mean an examination of and opinion on the financial statements of the agency which presents the results of the operations and financial position of the agency. The independent financial audit is required to be conducted in accordance with generally accepted auditing standards and the rules governing audit reports promulgated by the Governmental Accounting Standards Board. The independent financial audit report is also required to include an opinion of the agency's compliance with laws, regulations and administrative requirements governing activities of the agency. The Redevelopment Law requires the fiscal statement to contain the following information:

(1) The amount of outstanding indebtedness of the agency and each project area.

(2) The amount of tax increment revenues generated in the agency and in each project area.

(3) The amount of tax increment revenues paid to a taxing agency pursuant to a tax sharing agreement, other than school or community college district.

(4) The financial transactions report required to be submitted to the State Controller.

(5) The amount allotted to school or community college districts pursuant to the Redevelopment Law.

(6) The amount of existing indebtedness and the total amount of payments required to be paid on existing indebtedness for that fiscal year.

(7) Any other fiscal information which the agency believes is useful to describe its programs.

In addition, the annual report is required to include detailed information regarding the Agency's housing program to assist low and moderate income households and deposits and expenditures from the Low and Moderate Income Housing Fund required pursuant to the Redevelopment Law.

The Indenture requires the Agency to keep, or cause to be kept, proper books and accounts separate from all other records and accounts of the Agency and the City in which complete and correct entries are made of all transactions relating to the Tax Revenues. The Indenture requires the Agency to file with the Trustee annually, within 7 months after the close of each fiscal year, so long as any of the Bonds are Outstanding, its audited financial statements showing the Tax Revenues and all disbursements from the Special Fund as of the end of such fiscal year. The Agency covenants under the Indenture to furnish a copy of such statements upon reasonable request to any Bondholder.

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

GASB No. 34. The Governmental Accounting Standards Board (GASB) published its Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, comptrollers, and financial officers on requirements for financial reporting for all governmental agencies in the United States. Retroactive reporting is required four years after the effective date on the basic provisions for all major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980.

The Agency was required to implement the provision of GASB 34 for the fiscal year ending June 30, 2003.

The Agency retained the firm of Moreland & Associates, Inc,, Certified Public Accountants, Newport Beach, California, to examine the component unit financial statements of the Agency as of and for the fiscal year ended June 30, 2007, the most recent fiscal year for which audited financial statements have been prepared, which are included as "APPENDIX D." The firm's examination was made in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States and the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies* issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. The firm reported after its examination that the Agency's financial statements present fairly its financial position and results of operations in conformity with generally accepted accounting principles and that the auditor noted no instances of non-compliance for the fiscal year ended June 30, 2007. The Agency's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. Accordingly, the auditor has not performed any post-audit of the financial condition of the Agency.

Projected Tax Revenues and Debt Service Coverage

Receipt of projected Tax Revenues in the amounts and at the times projected by the Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The projections of Tax Increment Revenues and the corresponding Tax Revenues from the component areas of the Project Area shown in "APPENDIX B" and summarized on the following table were based on the assumptions described in "APPENDIX B." The Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see "BONDHOLDERS' RISKS"). To the extent that the assumptions are not actually realized, the Agency's ability to timely pay principal of and interest on the Bonds may be adversely affected. Investors should read "APPENDIX B – PROJECTED TAX REVENUES" for a complete discussion of the Tax Revenues and assumptions underlying the projections.

TABLE NO. 8
PROJECTED DEBT SERVICE COVERAGE

	Tax Revenues	Debt Service*	Coverage Ratio*
2008	$4,816,600	$ 789,000	610%
2009	4,961,800	969,000	512%
2010	5,113,400	969,000	528%
2011	5,263,400	969,000	543%
2012	5,421,000	969,000	559%
2013	5,578,600	969,000	576%
2014	5,740,800	1,484,000	387%
2015	5,684,800	1,488,000	382%
2016	5,823,800	1,486,000	392%
2017	5,965,200	1,484,000	402%
2018	6,112,600	1,486,000	411%
2019	6,259,600	1,487,000	421%
2020	6,408,400	1,486,000	431%
2021	6,562,400	1,485,000	442%
2022	6,720,200	1,486,000	452%
2023	6,877,800	1,486,000	463%
2024	7,039,600	1,488,000	473%
2025	7,206,200	1,484,000	486%
2026	7,375,600	1,487,000	496%
2027	7,546,800	1,484,000	509%
2028	7,725,400	1,488,000	519%
2029	7,903,800	1,485,000	532%
2030	8,087,600	1,485,000	545%
2031	8,272,600	1,487,000	556%
2032	7,466,400	1,487,000	502%
2033	7,646,200	1,484,000	515%
2034	7,822,600	1,488,000	526%
2035	7,986,000	1,488,000	537%
2036	8,150,800	1,486,000	549%

* Preliminary, subject to change.

Source: Financial Advisor.

3-34

The projected Tax Revenues shown above are subject to several variables described herein. See "APPENDIX B – PROJECTED TAX REVENUES" for the assumptions underlying the Projects. The Agency provides no assurance that projected Tax Revenues will be achieved (see "BONDHOLDERS' RISKS – Factors Which May Affect Tax Revenues" herein).

BONDHOLDERS' RISKS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Tax Revenues

The ability of the Agency to pay principal of and interest on the Bonds depends on the timely receipt of Tax Revenues as projected herein (see "APPENDIX B – PROJECTED TAX REVENUES" and "FINANCIAL INFORMATION - Projected Debt Service Coverage" herein). Projections of Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of each of the constituent redevelopment projects that comprise the Project Area. Tax Revenues allocated to the Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area, adjusted to reflect prior claims on the Tax Increment Revenues, such as required deposits to the Low and Moderate Income Housing Fund and payments to the Taxing Entities pursuant to the Tax Sharing Agreements and Tax Sharing Statutes which are senior in right of payment to the Bonds. A number of factors which may affect Tax Increment Revenues, and consequently, Tax Revenues, are outlined below.

Reductions in Assessed Value. The projections of Tax Increment Revenues contained in this Official Statement are based on current assessed valuations within the component areas of the Project Area, and certain assumed growth as a result of new development. In addition, a tax rate equal to $1.00 per $100 of assessed value applied to the taxable property in the component areas of the Project Area is assumed along with certain projected increases in property values due to inflation which may be allowed under Article XIIIA of the California Constitution. The Agency believes that the projections of Tax Increment Revenues and the assumptions upon which the projections are based are reasonable. However, any future decrease in the assessed valuation of the component areas of the Project Area (or any increase at a rate less than assumed), any general decline in the economic stability of the area, a relocation out of a component area of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in a property's assessed value, or other events that permit reassessment of property at lower values, either on a case by case basis or as a blanket reduction due to a general decline in property values and any property tax refunds which may result therefrom, the destruction of property caused by natural disasters or any delinquencies in the payment of property taxes and any potential acquisition of property by the Agency or other public entities will reduce the Tax Increment Revenues allocated to, or received by, the Agency and correspondingly may have an adverse impact on the Tax Revenues and ability of the Agency to pay principal and interest on the Bonds.

Article XIIIA. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIIIA to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see "APPENDIX B – PROJECTED TAX REVENUES – Tax Increment Revenues" herein for a more complete discussion of Article XIIIA). Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI). Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation six times: for 1981/82, 1%; for 1994/95, 1.0119%, for 1995/96, 1.19%; for 1996/97, 1.11%, for 1998/99, 1.853% and for 2004/05, 1.01867%. The Financial Advisor has projected Tax Increment Revenues based on 2% annual inflationary increases in real property values. If the annual inflationary adjustments are less than these assumed amounts, Tax Revenues will be reduced from those projected.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. However, in 2001 an Orange County Superior Court held that such reassessment formula violates the inflationary rate increase limitation of Article XIIIA of the California Constitution. The Court held that once the assessed value of a property is reduced pursuant to Proposition 8, any subsequent increase in assessed value may not exceed the inflationary rate limitation (not to exceed 2%) of Article XIIIA. On April 18, 2003, the Superior Court entered its final judgment. On June 12, 2003, the Orange County Assessor, together with the Tax Collector and the County of Orange filed notice of appeal of the Superior Court Judgment. The Appellate Court held a hearing on the matter on January 7, 2004, and issued its opinion on March 26, 2004, reversing the holding of the Orange County Superior Court. The Plaintiffs filed an appeal with the California State Supreme Court and on July 21, 2004, the California State Supreme Court by a 5-2 vote decided not to hear an appeal, ending this litigation (see "APPENDIX B – PROJECTED TAX REVENUES – Tax Increment Revenues – Proposition 8 Adjustments" herein).

The Agency's ability to generate sufficient Tax Revenues to pay debt service on the Bonds will be dependent on the economic strength of the component areas of the Project Area. Since Proposition 8 adjustments are closely tied to the economics of an area, and primarily, real estate development, factors which adversely affect real estate development may adversely affect Tax Revenues. Such factors include general economic conditions, fluctuations in the real estate market, fluctuations in interest rates, unexpected increases in development costs and other factors. If further Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Tax Revenues may be adversely affected and as a possible consequence its ability to repay the Bonds may be adversely affected.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County's Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Tax Revenues will be reduced. Such reductions may have an adverse affect on the Agency's ability to pay debt service on the Bonds. As of ________, appeals have been filed by __ property owners within the Project Area for the ______ tax year (see "THE PROJECT AREA – Assessment Appeals" herein). The projections of Tax Revenues in the tables herein are not adjusted for these or other appeals. To the extent these appeals are resolved in favor of the property owner, Tax Revenues will be reduced.

3-36

Earthquake, Fire and Other Risks. Considerable damage may occur in the Project Area in the event of a significant earthquake or other calamity. Natural and man-made disasters and hazards, including, without limitation, earthquakes, fires, floods, mudslides and other calamities, may have the effect of reducing Tax Increment Revenues through reduction of aggregate assessed valuations within the boundaries of the Project Area. According to the Public Safety Element of the City's General Plan, the City is located in a seismically active region and could be impacted by a major earthquake originating from the numerous faults in the area. The City is traversed by two potentially active faults, the Sweetwater Fault and La Nacion Fault and three inferred faults, the Otay River Fault, the Telegraph Canyon Fault and the San Diego Bay-Tijuana Fault. Seismic hazards encompass potential surface rupture, ground shaking, liquefaction and landslides. The City has adopted a Natural Hazards Mitigation Plan. This plan includes a hazard analysis for earthquake, flood, landslide and fire risk and is required to comply with FEMA requirements for disaster relief funding.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the component areas of the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within component areas of the Project Area be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Agency can give no assurance that future development will not be limited by these conditions.

Additional Bonds. As referenced under the caption "SOURCES OF PAYMENTS FOR THE BONDS – Issuance of Additional Debt," the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the Bonds. The existence of and the potential for such obligations increase the risks associated with the Agency's payment of debt service on the Bonds in the event of a future decrease in the Agency's collection of Tax Revenues.

Development Risks. The Agency's collection of Tax Revenues is directly affected by the economic strength of the Project Area. Projected development within the Project Area will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected, causing a reduction in Tax Revenues available to pay debt service on the Bonds.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Limited Obligations. The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

Voter Initiatives. California's voter initiative process allows measures which qualify for the ballot to be approved or disapproved by voters in a State of California statewide election. Future voter initiatives could be enacted which adversely affect the Tax Increment Revenues and, therefore, the security for the Bonds.

State of California Fiscal Issues

In connection with its approval of the budget for the 1992/93, 1993/94 and 1994/95 Fiscal Years, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund ("ERAF"). Faced with a projected $23.6 billion budget gap for Fiscal Year 2002/03, the State Legislature adopted AB 1768 requiring redevelopment agencies to pay into ERAF in Fiscal Year 2002/03 an aggregate amount of $75 million. AB 1768 required the payment into ERAF in Fiscal Year 2002/03 only.

In 2003, the State Legislature adopted SB 1045 which required redevelopment agencies to make ERAF transfers in Fiscal Year 2003/04, based on a statewide aggregate transfer by redevelopment agencies of $135 million. SB 1045 required the Agency to transfer approximately $489,000 to ERAF in Fiscal Year 2003/04 and to make this transfer payment by May 10, 2004. In enacting SB 1045, the State Legislature also amended Section 33333.6 of the Redevelopment Law. Section 33333.2(c) and Section 33333.6(e) now provide that the City Council may adopt an ordinance to extend certain Plan limits required by AB 1290 or AB 1342, as applicable, by one additional year if an ERAF payment was made in 2003/04. The City Council has adopted an ordinance under the provisions of SB 1045.

The 2004/05 State Budget included a $1.3 billion shift of local government property taxes to the ERAF. The 2004/05 State Budget apportioned the $1.3 billion among cities ($350 million), counties ($350 million), special districts ($350 million) and redevelopment agencies ($250 million) and limited the $1.3 billion ERAF transfer to the two fiscal years 2004/05 and 2005/06. The Agency's share of this additional shift of property taxes was $743,000 in 2004/05 and $900,000 in 2005/06. The Agency funded its ERAF payments in these two years by borrowing from the California Statewide Communities Development Authority (CSCDA). The loans from CSCDA are payable over 10 years. As a trailer bill to the 2004/05 State Budget, the State Legislature adopted SB 1096, allowing redevelopment agencies to extend certain plan limitations one year for each ERAF payment in 2004/05 and 2005/06 if certain criteria are met. The City Council adopted an ordinance under the provisions of SB 1096, which applied only to the Town Centre II Project Area and the Otay Valley Road project Area.

The 2006/07 and 2007/08 State budgets did not contain any ERAF transfers, however, future legislation could be enacted and Tax Revenues available for payment of the Bonds may be impaired. The State has not resolved its structural deficit between revenues and expenditures. It is therefore anticipated that there will be additional future legislation which addresses this situation. In January 2008, the Governor announced an anticipated $14 billion shortfall for Fiscal Year 2008/09. The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future. Given the magnitude of the State's potential structural deficit, it is possible that future legislation will further reduce Tax Revenues.

3-38

The Agency cannot predict whether the State Legislature will, in future fiscal years, adopt legislation requiring other shifts of redevelopment property tax increment revenues to the State and/or to schools, whether by the ERAF mechanism or by another arrangement. Should such legislation be enacted, Tax Revenues available for payment of the Bonds may, in the future, be substantially reduced and the Agency's ability to pay debt service on the Bonds may be impaired.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Matters" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and may remain outstanding until maturity.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Indenture is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel, will render an opinion which states that the Indenture is a valid and binding obligation of the Agency and enforceable in accordance with its terms. The legal opinion of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and limitations on remedies against public entities such as the Agency, and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX F" for the proposed form of Bond Counsel's opinion.

Certain legal matters will be passed on for the Agency by the City Attorney, acting as Agency General Counsel and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion described in the preceding sentence is subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

It is possible that subsequent to the issuance of the Bonds there might be federal , state or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The form of Bond Counsel's opinion is set forth in "APPENDIX F" hereto.

Absence of Litigation

The Agency will furnish a certificate dated as of the Delivery Date that there is not now known to be pending or threatened any litigation restraining or enjoining the execution or delivery of the Indenture or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Indenture was executed and delivered or the Bonds are to be issued or affecting the validity thereof.

CONCLUDING INFORMATION

Ratings on the Bonds

Standard & Poor's and Moody's are expected to assign their ratings of "___" and "___," respectively, to the Bonds on the Delivery Date, with the understanding that a financial guaranty insurance policy insuring payment when due of the principal of and interest on the Bonds will be issued on the closing date by __________. In addition, Standard & Poor's has assigned their underlying municipal bond rating of "__,"notwithstanding the delivery of the financial guaranty insurance policy. Such ratings reflect only the views of the rating agency and any desired explanation of the significance of such rating should be obtained from the rating agency. Generally, a rating agency bases its rating on the insurance and the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The incorporation by reference statements are already in the bond insurer's language.

The Financial Advisor

The material contained in this Official Statement was prepared by the Agency with the assistance of the Financial Advisor, who advised the Agency as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein received from sources other than the Agency has been obtained by the Agency from sources which are believed to be reliable, but such information is not guaranteed by the Agency or the Financial Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Financial Advisor are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

The Agency will covenant to provide annually certain financial information and operating data relating to the Project Area by not later than March 31 each year commencing March 31, 2009, to provide the audited Financial Statements of the Agency for the fiscal year ending June 30, 2007 and for each subsequent fiscal year when they are available (together, the "Annual Report"), and to provide notices of the occurrence of certain other enumerated events. The Annual Report will be filed by the Trustee on behalf of the Agency with each Nationally Recognized Municipal Securities Information Repository certified by the Securities and Exchange Commission (the "Repositories") and a State repository, if any. The notices of material events will be timely filed by the Agency with the Municipal Securities Rulemaking Board, the Repositories and a State repository, if any. The specific nature of the information to be contained in the Annual Report or the notices of material events and certain other terms of the continuing disclosure obligation are summarized in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Agency has never failed to comply, in all material respects, with its undertaking, to provide continuing disclosure under the Federal Securities laws.

Underwriting

E. J. De La Rosa & Co., Inc., (the "Underwriter") is offering the Bonds at the prices set forth on the inside cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter has purchased the Bonds at a price equal to $__________, (_____%) which amount represents the principal amount of the Bonds ($___________), plus a net original issue premium of $_________ less an Underwriter's discount of $____________. The Underwriter will pay certain of its expenses relating to the offering.

Verifications of Mathematical Computations

Grant Thornton LLP will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the schedules prepared by the Financial Advisor, to be held in escrow, will be sufficient to pay, when due, the principal, redemption premium and interest requirements of the 2000 Bonds, and (2) the computation of yield on the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Bonds is exempt from federal taxation. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest with respect to the Bonds.

Additional Information

The summaries and references contained herein with respect to the Indenture, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Indenture. Copies of the Indenture are available for inspection during the period of initial offering on the Bonds at the offices of the Financial Advisor. Copies of this document may be obtained after delivery of the Bonds from the Agency at 276 Fourth Avenue, Chula Vista, California 91910.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or Owners of any of the Bonds.

Execution

The execution and delivery of this Official Statement by the Treasurer has been duly authorized by the Redevelopment Agency of the City of Chula Vista.

REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA

By: ______________________________

Treasurer

3-42

APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

3-43

APPENDIX B
PROJECTED TAX REVENUES

Tax Allocation Financing

The Redevelopment Law and the California Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, is established and becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, will receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes as indicated above.

Tax Increment Revenues

As provided in each of the Redevelopment Plans for the constituent project areas (the constituent project areas are individually referred to herein as "Redevelopment Projects" and the project area resulting from the merger of the Redevelopment Projects is referred to herein as the "Project Area"), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Redevelopment Projects each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of each constituent Redevelopment Plan, will be divided as follows:

1. <u>To Taxing Agencies</u>: The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said Taxing Agencies, as defined herein, upon the total sum of the assessed value of the taxable property in the project area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized prior to the establishment of the project area will be allocated to, and when collected will be paid into, the funds of the respective Taxing Agencies as taxes by or for said Taxing Agencies; and

2. <u>To the Agency</u>: The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected, will be paid into a special fund of the Agency to the extent necessary to pay indebtedness of the Agency.

Manner in Which Property Valuations and Assessments are Determined (Article XIIIA). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIIIA to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the California Constitution, redevelopment agencies are prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 (see "Property Tax Rate" below).

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

For each fiscal year since Article XIIIA has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in six fiscal years. For the 1981/82 fiscal year, the annual increase for inflation was 1%; for the 1994/95 fiscal year, the annual increase for inflation was 1.0119%; for the 1995/96 fiscal year, the annual increase for inflation was 1.19%; for the 1996/97 fiscal year, the annual increase for inflation was 1.11%, for the 1998/99 fiscal year, the annual increase for inflation was 1.853% and for the 2004/05 fiscal year, the annual increase for inflation was 1.867%, reflecting the actual increase in the State Consumer Price Index, as reported by the State Department of Finance.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. However, in 2001 an Orange County Superior Court held that such reassessment formula violates the inflationary rate increase limitation of Article XIIIA of the California Constitution. The Court held that once the assessed value of a property is reduced pursuant to Proposition 8, any subsequent increase in assessed value may not exceed the inflationary rate limitation (not to exceed 2%) of Article XIIIA. On April 18, 2003, the Superior Court entered its final judgment. On June 12, 2003, the Orange County Assessor, together with the Tax Collector and the County of Orange filed notice of appeal of the Superior Court Judgment. The Appellate Court held a hearing on the matter on January 7, 2004, and issued its opinion on March 26, 2004, reversing the holding of the Orange County Superior Court. The Plaintiffs filed an appeal with the California State Supreme Court and on July 21, 2004, the California State Supreme Court by a 5-2 vote decided not to hear an appeal, ending this litigation.

Unsecured and Secured Property. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the San Diego County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding fiscal year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31, and such taxes are levied at the prior year's secured tax rate.

Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing agency has four ways of collecting unsecured property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Currently, a 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. Property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Under State law, from time of the sale of the property to the State for nonpayment of taxes, owners have five years to redeem, during which time legal title remains in the owners as taxpayers subject to a lien in favor of the County. The amount necessary to redeem the property is equal to the sum of the delinquent taxes, delinquency penalties and redemption penalties of 1½% per month. Five years after the property is in default of taxes, the tax collector has the authority to sell property which has not been redeemed.

A 10% penalty also attaches to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1½% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988/89 fiscal year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 fiscal year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Property Tax Rate. There are numerous tax rate areas within the Project Area. The differences between the $1.00 tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Tax override rates typically decline each year. A declining tax override rate is the result of several factors: an effective limit, established by Article XIIIA of the California Constitution, on the amount of property taxes that can be levied; rising taxable values within the jurisdictions of taxing entities levying the approved override rate (which reduces the tax rate needed to be levied by the taxing entity to meet debt service requirements); and the eventual retirement, over time, of the voter-approved debt.

For fiscal year 2007/08 the effective tax rate, including the effective tax override rate, for the majority of the property in the Project Area was approximately $1.086 per $100 of taxable value.

Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Such administrative fees are estimated to be approximately 0.8% of Tax Increment Revenues.

Redevelopment Plans

Town Centre II Project Area

The City Council approved and adopted the Redevelopment Plan for the Town Centre II Project Area on August 15, 1978, pursuant to Ordinance No. 1827. It was subsequently amended in May 19, 1987 pursuant to Ordinance No. 2207 to add certain financial provisions, on July 19, 1988 pursuant to Ordinance No. 2274, to add additional acreage, on November 8, 1994 pursuant to Ordinance No. 2610 to add limitations prescribed by Assembly Bill 1290 ("AB 1290") (see "Plan Limitations" below), on January 13, 2004 pursuant to Ordinance No. 2947 to eliminate the time limit to incur debt, on February 3, 2004 pursuant to Ordinance No. 2949 to extend the plan limits by one year under the provisions of SB 1045 and on July 25, 2006 pursuant to Ordinance No. 3039 to extend the plan limits by two years under the provisions of SB 1096.

Otay Valley Road Project Area

The City Council approved and adopted the Redevelopment Plan for the Otay Valley Road Project Area on December 20, 1983, pursuant to Ordinance No. 2059. It was subsequently amended on November 8, 1994 pursuant to Ordinance No. 2611 to add limitations prescribed by AB 1290, on January 13, 2004 pursuant to Ordinance No. 2947 to eliminate the time limit to incur debt, on February 3, 2004 pursuant to Ordinance No. 2949 to extend the plan limits by one year under the provisions of SB 1045 and on July 25, 2006 pursuant to Ordinance No. 3039 to extend the plan limits by two years under the provisions of SB 1096.

Southwest Project Area

The City Council approved and adopted the Redevelopment Plan for the Southwest Project Area on November 27, 1990, pursuant to Ordinance No. 2420. It was subsequently amended on July 9, 1991 pursuant to Ordinance No. 2467 to add additional territory, on November 8, 1994 pursuant to Ordinance No. 2612 to add limitations prescribed by AB 1290, on January 13, 2004 pursuant to Ordinance No. 2947 to eliminate the time limit to incur debt, and on February 3, 2004 pursuant to Ordinance No. 2949 to extend the plan limits by one year under the provisions of SB 1045.

Project Area Merger

The City Council concluded proceedings to merge the three redevelopment projects on August 22, 2000 and adopted Ordinance Nos. 2817, 2818 and 2819, creating the Merged Redevelopment Project Area.

Merged Project Amendment Area

The City Council approved and adopted an Amended and Restated Redevelopment Plan for Merged Redevelopment Project Area on May 4, 2004, pursuant to Ordinance No. 2962. This Amended and Restated Redevelopment Plan consolidated the three existing Redevelopment Plans for the constituent project areas, updated the public improvements and project facilities list, added property the Merged Redevelopment Project Area boundaries ("the 2004 Amendment Area") and, subject to certain limitations, extended the eminent domain authority in the Town Centre II and Otay Valley Road constituent project areas.

Plan Limitations

The Redevelopment Plan for the Project Area imposes certain limitations on the amount of Tax Increment Revenues that the Agency may be allocated from the constituent Redevelopment Projects. In 1993, the State Legislature adopted Assembly Bill 1290 (AB 1290), which imposed certain time limitations on (1) the allocation of Tax Increment Revenues to a redevelopment project, (2) the effectiveness of a redevelopment plan and (3) the incurrence of debt. Prior to subsequent changes, Section 33333.6 of the Redevelopment Law provided that a redevelopment agency may not pay indebtedness or receive property taxes pursuant to Section 33670 of the Redevelopment Law after ten years from the termination of the effectiveness of a redevelopment plan (which was limited to the later of January 1, 2009 or 40 years after the adoption of such redevelopment plan). In 1998, the State Legislature adopted Assembly Bill 1342 (AB 1342), which allowed redevelopment agencies to extend plan limitations to such maximum terms without having to comply with the statutory plan amendment process if such agency's existing plan limits were shorter. In 2002, the State Legislature adopted Senate Bill 211 (SB 211), allowing the elimination of the Agency's limitation on incurring debt.

In 2003, the State legislature adopted Senate Bill 1045 (SB 1045), which provided that the governing body could adopt an ordinance to extend the limits on the termination of redevelopment plans approved prior to 1994 and the authority to collect Tax Increment Revenues by one additional year if the Agency was required to make a payment to ERAF in 2003/04. In 2004, the State legislature adopted Senate Bill 1096 (SB 1096), which provided that the governing body could, with respect to redevelopment plans with less than 20 years remaining, adopt an ordinance to extend the limits on the termination of redevelopment plans and the authority to collect Tax Increment Revenues by one additional year for each ERAF payment if the Agency was required to make a payment to ERAF in 2004/05 and 2005/06. The provisions of SB 1096 only apply to the Town Centre II Redevelopment Project and the Otay Valley Road Redevelopment Project. Even though the constituent redevelopment projects have been merged, the limitations established with respect to a constituent redevelopment project continue to apply to such constituent redevelopment project, except with respect to the limitation on the maximum Tax Increment Revenues and on maximum outstanding bonded indebtedness as described below.

The limitations imposed by the respective Redevelopment Plans are as follows:

Project Area	Maximum Bonded Indebtedness	Maximum Tax Increment Revenues	Plan Expiration Date	Last Date to Incur Debt	Last Date to Collect Tax Increment
Town Centre II/ 1988 Amendment	$42,500,000	$100,000,000	Aug. 15, 2021/ July 19, 2031	None	Aug. 15, 2031/ July 19, 2041
Otay Valley Road	$45,000,000	$115,000,000	Dec. 20, 2026	None	Dec. 20, 2036
Southwest/ 1991 Amendment	$150,000,000 Adjusted Annually for CPI	$15,000,000 annually	Nov. 27, 2031/ July 9, 2032	None	Nov. 27, 2041/ July 9, 2042
Amendment Area	$175,000,000	None [1]	May 4, 2034	May 4, 2024	May 7, 2049

(1) As a post-1994 redevelopment project, the Amendment Area is not required to have this limit.

As of June 30, 2007, the Agency had received Tax Increment Revenues of approximately $17,750,000 with respect to the Town Centre II Redevelopment Project, approximately $18,932,000 with respect to the Otay Valley Road Redevelopment Project, approximately $18,656,000 with respect to the Southwest Redevelopment Project and $2,006,000 with respect to the Amendment Area.

Low and Moderate Income Housing

In 1976, the Redevelopment Law was amended to require that for every redevelopment plan adopted after January 1, 1977, or any area which is added to a redevelopment project by an amendment to a redevelopment plan after January 1, 1977, not less than 20% of Tax Increment Revenues must be set aside annually for the purpose of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households. In 1985, the Redevelopment Law was further amended to add substantially the same requirements with respect to plans adopted prior to January 1, 1977.

Historical Assessed Value

Historical assessed value for each constituent Redevelopment Project are shown in the tables below.

TABLE NO. B-1
TOWN CENTRE II REDEVELOPMENT PROJECT
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2003/04 through 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured	$128,461,894	$161,921,532	$136,903,286	$147,351,740	$152,476,995
Unsecured	14,467,883	13,906,235	15,577,105	15,607,013	15,453,805
Total [1]	$142,929,777	$175,827,767	$152,480,391	$162,958,753	$167,930,800
Less: Base Year [2]	(33,105,355)	(33,105,355)	(33,105,355)	(33,105,355)	(33,105,355)
Incremental Increase	$109,824,422	$142,722,412	$119,375,036	$129,853,398	$134,825,445

(1) Taxable Valuation, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: San Diego County Auditor-Controller.

TABLE NO. B-2
OTAY VALLEY ROAD REDEVELOPMENT PROJECT
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2003/04 through 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured	$ 87,920,907	$102,452,293	$128,405,563	$162,850,110	$178,107,994
Unsecured	29,980,462	29,103,925	32,768,386	39,824,415	39,485,521
Total [1]	$117,901,369	$131,556,218	$161,173,949	$202,674,525	$217,593,515
Less: Base Year [2]	(17,894,789)	(17,894,789)	(17,894,789)	(17,894,789)	(17,894,789)
Incremental Increase	$100,006,580	$113,661,429	$143,279,160	$184,779,736	$199,698,726

(1) Taxable Valuation, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: San Diego County Auditor-Controller.

3-50

TABLE NO. B-3
SOUTHWEST REDEVELOPMENT PROJECT
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2003/04 through 2007/08

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured	$330,747,454	$353,196,449	$408,729,332	$463,314,241	$508,075,493
Unsecured	47,920,079	47,724,262	51,247,342	34,026,830	31,173,057
State Assessed	12,066,208	9,477,158	9,477,158	9,477,158	9,477,158
Total (1)	$390,733,741	$410,397,869	$469,453,832	$506,818,229	$548,725,708
Less: Base Year (2)	(219,498,444)	(219,498,444)	(219,498,444)	(219,498,444)	(219,498,444)
Incremental Increase	$171,235,297	$190,899,425	$249,955,388	$287,319,785	$329,227,264

(1) Taxable Valuation, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: San Diego County Auditor-Controller.

TABLE NO. B-4
AMENDMENT AREA
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES
2005/06 through 2007/08

	2005/06	2006/07	2007/08
Secured	$441,524,510	$489,170,964	$542,710,859
Unsecured	30,431,681	44,627,819	46,819,993
Total (1)	$471,956,191	$533,798,783	$589,530,852
Less: Base Year (2)	(432,403,265)	(432,403,265)	(432,403,265)
Incremental Increase	$ 39,552,926	$101,395,518	$157,127,587

(1) Taxable Valuation, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: San Diego County Auditor-Controller.

3-51

Major Taxpayers

The ten largest property taxpayers represent 15% of the 2007/08 total assessed value of the Project Area.

TABLE NO. B-5
MERGED REDEVELOPMENT PROJECT AREA
TEN LARGEST TAXPAYERS AS A PERCENT OF 2007/08 ASSESSED VALUE

Taxpayer	2007/08 Assessed Value	% of Assessed Value	Component Redevelopment Project	Land Use
CV Center	$ 68,536,516	4.5%	Town Centre II	Shopping Mall
Price REIT	24,234,945	1.6%	Amendment Area	Discount Retail Store
Sears Roebuck Co.	20,553,479	1.4%	Town Centre II	Department Store
Costco Wholesale Corp	18,993,820	1.3%	Amendment Area	Discount Retail Store
Cypress Creek Co LP	17,776,788	1.2%	Southwest	Retail Center
Naples Plaza LTD	17,458,413	1.1%	Amendment Area	Shopping Center
A S P Realty	17,034,000	1.1%	Amendment Area	Supermarket
Walmart Real Estate	14,649,513	1.0%	Town Centre II	Discount Retail Store
Kohls Department Store	14,379,898	0.9%	Otay Valley Road	Department Store
Main Plaza LP	14,329,213	0.9%	Southwest	Mixed Use
Total	$227,946,585	15.0%		

Source: Redevelopment Agency of the City of Chula Vista.

Tax Collections

The tables below represent the collection rates for taxes paid in the year levied in the constituent project areas.

TABLE NO. B-6
MERGED REDEVELOPMENT PROJECT AREA
TAX COLLECTIONS

Fiscal Year	Original Levy (1)	Supplemental/ Adjustments	Remitted to Agency (2)	Collection Percentage (3)
2002/03	$3,916,633	$181,145	$4,044,219	98.6%
2003/04	3,885,182	247,269	4,082,500	98.7%
2004/05	4,586,099	350,703	4,867,118	98.5%
2005/06	5,644,665	609,241	6,141,381	98.0%
2006/07	7,433,787	961,024	8,190,420	97.3%

(1) Based on the August 20 Equalized Roll.

(2) Includes supplemental assessments, collection of prior years' delinquent taxes, penalties, current year delinquencies, refunds, impounds but excludes and county administrative charges and allocated interest.

(3) Based on data provided by San Diego County, these percentages represent the payment of taxes in the year actually levied.

Source: San Diego County Auditor-Controller.

Assessment Appeals

[to be completed]

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as "tax sharing agreements" or "pass through agreements." The following describes the agreements entered into with respect to Town Centre II Redevelopment Project and the Southwest Redevelopment Project.

Town Centre II Redevelopment Project

County of San Diego. The Agency has entered into a Tax Sharing Agreement with the County of San Diego. Pursuant to the agreement, the Agency is required to reimburse the County 13.25% of Tax Increment Revenues allocated to the Town Centre II Project Area, beginning in the 26th year of the Redevelopment Plan (2014/15).

School Districts. Pursuant to Section 33676 of the Redevelopment Law, the Chula Vista Elementary School District, the Sweetwater Union High School District and the Southwestern Community College District are allocated their respective share of the annual 2% (or less) inflationary growth in assessed value.

Southwest Redevelopment Project

County of San Diego. The Agency has entered into a Tax Sharing Agreement with the County of San Diego. Pursuant to the agreement, the Agency is required to reimburse the County for the amount of Tax Increment Revenues generated by the County's share (27.15%) of the compounded 2% annual inflationary growth in assessed value over the base year amount. In addition, the Agency will reimburse the County for 66.67% of the County's share of Tax Increment Revenues generated in excess of the 2% annual inflationary growth, reduced by 20% of such amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund.

Sweetwater Union High School District. The Agency has entered into a Tax Sharing Agreement with the Sweetwater Union High School District. Pursuant to the agreement, the Agency is required to reimburse the District 40% of its 17.95% share of Tax Increment Revenues allocated to the Southwest Project Area.

Southwestern Community College District. The Agency has entered into a Tax Sharing Agreement with the Southwestern Community College District. Pursuant to the agreement, the Agency is required to reimburse the District 40% of its 4.83% share of Tax Increment Revenues allocated to the Southwest Project Area.

San Diego County Office of Education. The Agency has entered into a Tax Sharing Agreement with the San Diego County Office of Education. Pursuant to the agreement, the Agency is required to reimburse the Office 62.5% of its 1.62% share of Tax Increment Revenues allocated to the Southwest Project Area.

Chula Vista Elementary School District. The Agency has entered into a Tax Sharing Agreement with the Chula Vista Elementary School District. Pursuant to the agreement, the Agency is required to reimburse the District 40% of its 27.45% share of Tax Increment Revenues allocated to the Southwest Project Area.

The Agency will also reimburse all taxing agencies in the Southwest Redevelopment Project for Tax Increment Revenues attributable to voter-approved indebtedness.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. A discussion of these provisions as they relate to the Redevelopment Projects individually and to the Project Area as a whole follows. If a project area was created after 1994, or if new territory should be added to the Project Area, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Agency amends or deletes the time limit to incur indebtedness in a project area or increases the total amount of Tax Increment Revenues to be allocated to the project area or increases the duration of the redevelopment plan for a project area and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing will also be required under Section 33607.7 of the Redevelopment Law with all affected taxing agencies not already a party to a tax sharing agreement, once the original limitations have been reached.

In general, the amounts to be paid pursuant to Statutory Tax Sharing are as follows:

(a) commencing in the first fiscal year after the limitation has been reached, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;

(b) in addition to amounts payable as described in (a) above, commencing in the 11th fiscal year after the limitation has been reached, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10th fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and

(c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31st fiscal year after the limitation has been reached, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 30th fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

(d) The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

(e) The Agency may subordinate the amount required to be paid to an affected taxing entity to any indebtedness after receiving the consent of the taxing entity.

With respect to a taxing entity that is a party to a tax sharing agreement, tax sharing payments would continue pursuant to the Tax Sharing Agreement after the original limitations in the Redevelopment Plan were passed.

Tax Increment Revenue generated in the Amended Area has been subject to Statutory Tax Sharing since the Agency first received revenue in 2005/06.

The Agency eliminated the time limit to incur debt for the Town Centre II Redevelopment Project, the Otay Valley Road Redevelopment Project and the Southwest Redevelopment Project and payments to certain taxing entities pursuant to Section 33607.7, with the exception of the City, commenced in fiscal year 2004/05 with respect to the Town Centre II Redevelopment Project and the Otay Valley Road Redevelopment Project, and will commence in 2011/12 with respect to the Southwest Redevelopment Project.

As noted above, with the consent of the Taxing Entity, the payments under the Tax Sharing Statutes may be subordinated to certain Agency obligations. Pursuant to this authority, the City has expressly subordinated its right to receive Statutory Tax Sharing to the Agency's obligations with respect to the Bonds. No other payments to Taxing Entities with respect to Statutory Tax Sharing have been subordinated and the projections of Tax Revenues are reduced by the estimated amounts shown in tables herein.

Projected Tax Revenues

Receipt of projected Tax Revenues in the amounts and at the times projected by the Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The projections of Tax Increment Revenues and the corresponding Tax Revenues from the component areas of the Redevelopment Projects shown on the following table were based on the assumptions shown below. The Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur.

(a) The 2007/08 secured roll was assumed to increase 2% annually for inflation in future years.

(b) For the purposes of the projections, it was assumed that no additional assessed value would be added to the tax rolls as a result of new construction.

(c) The values of unsecured personal property and state assessed utility property and the amount of unitary revenues have been maintained throughout the projections at their 2007/08.

(d) No pending assessment appeals or Proposition 8 adjustments, if any, are reflected in the projections.

(e) A tax rate of $1.00 per $100 of assessed value applied to the taxable property in the component areas of the Redevelopment Projects was used to determine Tax Increment Revenues.

(f) Projected Tax Revenues do not reflect delinquencies.

(g) Projected Tax Revenues include a deduction for administrative costs charged by San Diego County.

(h) Amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund have been deducted.

(i) Projected Tax Revenues include a deduction for payments due to taxing agencies under Tax Sharing Agreements or applicable Tax Sharing Statutes, to the extent not subordinated to the Bonds.

(j) Projected Tax Increment Revenues do not include supplemental property tax revenues which may be received by the Agency.

TABLE NO. B-7
PROJECTED TAX REVENUES
MERGED REDEVELOPMENT PROJECT AREA

	Tax Revenues by Redevelopment Project				
	Town Centre II	Otay Valley Road	Southwest	Amendment Area	Total
2008	$1,031,000	$1,453,000	$1,344,800	$ 987,800	$4,816,600
2009	1,050,200	1,474,000	1,380,600	1,057,000	4,961,800
2010	1,070,200	1,497,600	1,418,800	1,126,800	5,113,400
2011	1,090,200	1,521,200	1,455,600	1,196,400	5,263,400
2012	1,110,000	1,545,600	1,495,200	1,270,200	5,421,000
2013	1,131,600	1,569,000	1,535,200	1,342,800	5,578,600
2014	1,153,200	1,593,200	1,575,600	1,418,800	5,740,800
2015	974,600	1,614,000	1,617,800	1,478,400	5,684,800
2016	990,000	1,633,000	1,660,400	1,540,400	5,823,800
2017	1,007,000	1,653,600	1,702,600	1,602,000	5,965,200
2018	1,024,200	1,675,000	1,746,400	1,667,000	6,112,600
2019	1,041,000	1,695,400	1,791,600	1,731,600	6,259,600
2020	1,055,800	1,717,600	1,837,400	1,797,600	6,408,400
2021	1,072,400	1,740,400	1,883,600	1,866,000	6,562,400
2022	1,089,800	1,763,200	1,932,200	1,935,000	6,720,200
2023	1,106,200	1,786,800	1,980,400	2,004,400	6,877,800
2024	1,125,200	1,809,200	2,029,000	2,076,200	7,039,600
2025	1,143,200	1,834,400	2,079,200	2,149,400	7,206,200
2026	1,160,200	1,858,600	2,131,800	2,225,000	7,375,600
2027	1,179,800	1,882,400	2,183,600	2,301,000	7,546,800
2028	1,199,200	1,909,000	2,239,000	2,378,200	7,725,400
2029	1,217,600	1,934,400	2,293,800	2,458,000	7,903,800
2030	1,237,800	1,961,600	2,349,000	2,539,200	8,087,600
2031	1,258,800	1,987,600	2,405,600	2,620,600	8,272,600
2032	282,000	2,015,400	2,463,600	2,705,400	7,466,400
2033	286,000	2,044,800	2,524,000	2,791,400	7,646,200
2034	289,000	2,072,200	2,582,600	2,878,800	7,822,600
2035	292,800	2,097,200	2,643,600	2,952,400	7,986,000
2036	296,600	2,121,000	2,707,800	3,025,400	8,150,800

Source: Financial Advisor.

3-57

TABLE NO. B-8
PROJECTED TAX REVENUES
TOWN CENTRE II REDEVELOPMENT PROJECT

	Tax Increment [1]	Housing Set Aside	County Admin Charge	Contractual Tax Sharing	Statutory Tax Sharing	Tax Revenue
2008	$1,330,000	$(266,000)	$(11,000)	$ -	$ (22,000)	$1,031,000
2009	1,359,000	(271,800)	(11,000)	-	(26,000)	1,050,200
2010	1,389,000	(277,800)	(11,000)	-	(30,000)	1,070,200
2011	1,419,000	(283,800)	(11,000)	-	(34,000)	1,090,200
2012	1,450,000	(290,000)	(12,000)	-	(38,000)	1,110,000
2013	1,482,000	(296,400)	(12,000)	-	(42,000)	1,131,600
2014	1,514,000	(302,800)	(12,000)	-	(46,000)	1,153,200
2015	1,547,000	(309,400)	(12,000)	(205,000)	(46,000)	974,600
2016	1,580,000	(316,000)	(13,000)	(209,000)	(52,000)	990,000
2017	1,615,000	(323,000)	(13,000)	(214,000)	(58,000)	1,007,000
2018	1,649,000	(329,800)	(13,000)	(218,000)	(64,000)	1,024,200
2019	1,685,000	(337,000)	(13,000)	(223,000)	(71,000)	1,041,000
2020	1,721,000	(344,200)	(14,000)	(228,000)	(79,000)	1,055,800
2021	1,758,000	(351,600)	(14,000)	(233,000)	(87,000)	1,072,400
2022	1,796,000	(359,200)	(14,000)	(238,000)	(95,000)	1,089,800
2023	1,834,000	(366,800)	(15,000)	(243,000)	(103,000)	1,106,200
2024	1,874,000	(374,800)	(15,000)	(248,000)	(111,000)	1,125,200
2025	1,914,000	(382,800)	(15,000)	(254,000)	(119,000)	1,143,200
2026	1,954,000	(390,800)	(16,000)	(259,000)	(128,000)	1,160,200
2027	1,996,000	(399,200)	(16,000)	(264,000)	(137,000)	1,179,800
2028	2,039,000	(407,800)	(16,000)	(270,000)	(146,000)	1,199,200
2029	2,082,000	(416,400)	(17,000)	(276,000)	(155,000)	1,217,600
2030	2,126,000	(425,200)	(17,000)	(282,000)	(164,000)	1,237,800
2031	2,171,000	(434,200)	(17,000)	(288,000)	(173,000)	1,258,800
2032	510,000	(102,000)	(4,000)	(68,000)	(54,000)	282,000
2033	520,000	(104,000)	(4,000)	(69,000)	(57,000)	286,000
2034	530,000	(106,000)	(4,000)	(70,000)	(61,000)	289,000
2035	541,000	(108,200)	(4,000)	(72,000)	(64,000)	292,800
2036	552,000	(110,400)	(4,000)	(73,000)	(68,000)	296,600

(1) Net of Inflationary Adjustment Paid to School Districts.

Source: Financial Advisor.

3-58

TABLE NO. B-9
PROJECTED TAX REVENUES
OTAY VALLEY ROAD REDEVELOPMENT PROJECT

	Tax Increment	Housing Set Aside	County Admin Charge	Statutory Tax Sharing	Tax Revenue
2008	$2,040,000	$(408,000)	$(16,000)	$(163,000)	$1,453,000
2009	2,075,000	(415,000)	(17,000)	(169,000)	1,474,000
2010	2,112,000	(422,400)	(17,000)	(175,000)	1,497,600
2011	2,149,000	(429,800)	(17,000)	(181,000)	1,521,200
2012	2,187,000	(437,400)	(17,000)	(187,000)	1,545,600
2013	2,225,000	(445,000)	(18,000)	(193,000)	1,569,000
2014	2,264,000	(452,800)	(18,000)	(200,000)	1,593,200
2015	2,305,000	(461,000)	(18,000)	(212,000)	1,614,000
2016	2,345,000	(469,000)	(19,000)	(224,000)	1,633,000
2017	2,387,000	(477,400)	(19,000)	(237,000)	1,653,600
2018	2,430,000	(486,000)	(19,000)	(250,000)	1,675,000
2019	2,473,000	(494,600)	(20,000)	(263,000)	1,695,400
2020	2,517,000	(503,400)	(20,000)	(276,000)	1,717,600
2021	2,563,000	(512,600)	(21,000)	(289,000)	1,740,400
2022	2,609,000	(521,800)	(21,000)	(303,000)	1,763,200
2023	2,656,000	(531,200)	(21,000)	(317,000)	1,786,800
2024	2,704,000	(540,800)	(22,000)	(332,000)	1,809,200
2025	2,753,000	(550,600)	(22,000)	(346,000)	1,834,400
2026	2,802,000	(560,400)	(22,000)	(361,000)	1,858,600
2027	2,853,000	(570,600)	(23,000)	(377,000)	1,882,400
2028	2,905,000	(581,000)	(23,000)	(392,000)	1,909,000
2029	2,958,000	(591,600)	(24,000)	(408,000)	1,934,400
2030	3,012,000	(602,400)	(24,000)	(424,000)	1,961,600
2031	3,067,000	(613,400)	(25,000)	(441,000)	1,987,600
2032	3,123,000	(624,600)	(25,000)	(458,000)	2,015,400
2033	3,181,000	(636,200)	(25,000)	(475,000)	2,044,800
2034	3,239,000	(647,800)	(26,000)	(493,000)	2,072,200
2035	3,299,000	(659,800)	(26,000)	(516,000)	2,097,200
2036	3,360,000	(672,000)	(27,000)	(540,000)	2,121,000

Source: Financial Advisor.

359

3-60

TABLE NO. B-10
PROJECTED TAX REVENUES
SOUTHWEST REDEVELOPMENT PROJECT

				Contractual Tax Sharing						
	Tax Increment	Housing Set Aside	County Admin Charge	San Diego County	High School	Elementary School	Community College	County Office of Ed	Statutory Tax Sharing	Tax Revenue
2008	$3,296,000	$ (659,200)	$(26,000)	$(586,000)	$(231,000)	$(354,000)	$ (62,000)	$(33,000)	$ -	1,344,800
2009	3,397,000	(679,400)	(27,000)	(608,000)	(239,000)	(365,000)	(64,000)	(34,000)	-	1,380,600
2010	3,501,000	(700,200)	(28,000)	(631,000)	(246,000)	(376,000)	(66,000)	(35,000)	-	1,418,800
2011	3,607,000	(721,400)	(29,000)	(655,000)	(254,000)	(388,000)	(68,000)	(36,000)	-	1,455,600
2012	3,714,000	(742,800)	(30,000)	(679,000)	(261,000)	(399,000)	(70,000)	(37,000)	-	1,495,200
2013	3,824,000	(764,800)	(31,000)	(703,000)	(269,000)	(411,000)	(72,000)	(38,000)	-	1,535,200
2014	3,937,000	(787,400)	(31,000)	(728,000)	(277,000)	(424,000)	(75,000)	(39,000)	-	1,575,600
2015	4,051,000	(810,200)	(32,000)	(753,000)	(285,000)	(436,000)	(77,000)	(40,000)	-	1,617,800
2016	4,168,000	(833,600)	(33,000)	(779,000)	(293,000)	(449,000)	(79,000)	(41,000)	-	1,660,400
2017	4,287,000	(857,400)	(34,000)	(805,000)	(302,000)	(462,000)	(81,000)	(43,000)	-	1,702,600
2018	4,408,000	(881,600)	(35,000)	(832,000)	(310,000)	(475,000)	(84,000)	(44,000)	-	1,746,400
2019	4,532,000	(906,400)	(36,000)	(860,000)	(319,000)	(488,000)	(86,000)	(45,000)	-	1,791,600
2020	4,658,000	(931,600)	(37,000)	(888,000)	(328,000)	(502,000)	(88,000)	(46,000)	-	1,837,400
2021	4,787,000	(957,400)	(38,000)	(916,000)	(337,000)	(516,000)	(91,000)	(48,000)	-	1,883,600
2022	4,919,000	(983,800)	(39,000)	(945,000)	(347,000)	(530,000)	(93,000)	(49,000)	-	1,932,200
2023	5,053,000	(1,010,600)	(40,000)	(975,000)	(356,000)	(545,000)	(96,000)	(50,000)	-	1,980,400
2024	5,190,000	(1,038,000)	(42,000)	(1,005,000)	(366,000)	(560,000)	(98,000)	(52,000)	-	2,029,000
2025	5,329,000	(1,065,800)	(43,000)	(1,036,000)	(376,000)	(575,000)	(101,000)	(53,000)	-	2,079,200
2026	5,471,000	(1,094,200)	(44,000)	(1,067,000)	(386,000)	(590,000)	(104,000)	(54,000)	-	2,131,800
2027	5,617,000	(1,123,400)	(45,000)	(1,100,000)	(396,000)	(606,000)	(107,000)	(56,000)	-	2,183,600
2028	5,765,000	(1,153,000)	(46,000)	(1,132,000)	(407,000)	(622,000)	(109,000)	(57,000)	-	2,239,000
2029	5,916,000	(1,183,200)	(47,000)	(1,166,000)	(417,000)	(638,000)	(112,000)	(59,000)	-	2,293,800
2030	6,070,000	(1,214,000)	(49,000)	(1,200,000)	(428,000)	(655,000)	(115,000)	(60,000)	-	2,349,000
2031	6,227,000	(1,245,400)	(50,000)	(1,235,000)	(439,000)	(672,000)	(118,000)	(62,000)	-	2,405,600
2032	6,387,000	(1,277,400)	(51,000)	(1,270,000)	(451,000)	(689,000)	(121,000)	(64,000)	-	2,463,600
2033	6,550,000	(1,310,000)	(52,000)	(1,306,000)	(462,000)	(707,000)	(124,000)	(65,000)	-	2,524,000
2034	6,717,000	(1,343,400)	(54,000)	(1,343,000)	(474,000)	(725,000)	(128,000)	(67,000)	-	2,582,600
2035	6,887,000	(1,377,400)	(55,000)	(1,381,000)	(486,000)	(744,000)	(131,000)	(69,000)	-	2,643,600
2036	7,061,000	(1,412,200)	(56,000)	(1,419,000)	(499,000)	(763,000)	(134,000)	(70,000)	-	2,707,800

Source: Financial Advisor.

TABLE NO. B-11
PROJECTED TAX REVENUES
AMENDMENT AREA

	Gross Tax Increment	Housing Set Aside	County Admin Charge	Statutory Tax Sharing	Tax Revenue
2008	$1,571,000	$ (314,200)	$(13,000)	$ (256,000)	$ 987,800
2009	1,680,000	(336,000)	(13,000)	(274,000)	1,057,000
2010	1,791,000	(358,200)	(14,000)	(292,000)	1,126,800
2011	1,903,000	(380,600)	(15,000)	(311,000)	1,196,400
2012	2,019,000	(403,800)	(16,000)	(329,000)	1,270,200
2013	2,136,000	(427,200)	(17,000)	(349,000)	1,342,800
2014	2,256,000	(451,200)	(18,000)	(368,000)	1,418,800
2015	2,378,000	(475,600)	(19,000)	(405,000)	1,478,400
2016	2,503,000	(500,600)	(20,000)	(442,000)	1,540,400
2017	2,630,000	(526,000)	(21,000)	(481,000)	1,602,000
2018	2,760,000	(552,000)	(22,000)	(519,000)	1,667,000
2019	2,892,000	(578,400)	(23,000)	(559,000)	1,731,600
2020	3,027,000	(605,400)	(24,000)	(600,000)	1,797,600
2021	3,165,000	(633,000)	(25,000)	(641,000)	1,866,000
2022	3,305,000	(661,000)	(26,000)	(683,000)	1,935,000
2023	3,448,000	(689,600)	(28,000)	(726,000)	2,004,400
2024	3,594,000	(718,800)	(29,000)	(770,000)	2,076,200
2025	3,743,000	(748,600)	(30,000)	(815,000)	2,149,400
2026	3,895,000	(779,000)	(31,000)	(860,000)	2,225,000
2027	4,050,000	(810,000)	(32,000)	(907,000)	2,301,000
2028	4,209,000	(841,800)	(34,000)	(955,000)	2,378,200
2029	4,370,000	(874,000)	(35,000)	(1,003,000)	2,458,000
2030	4,534,000	(906,800)	(36,000)	(1,052,000)	2,539,200
2031	4,702,000	(940,400)	(38,000)	(1,103,000)	2,620,600
2032	4,873,000	(974,600)	(39,000)	(1,154,000)	2,705,400
2033	5,048,000	(1,009,600)	(40,000)	(1,207,000)	2,791,400
2034	5,226,000	(1,045,200)	(42,000)	(1,260,000)	2,878,800
2035	5,408,000	(1,081,600)	(43,000)	(1,331,000)	2,952,400
2036	5,593,000	(1,118,600)	(45,000)	(1,404,000)	3,025,400

Source: Financial Advisor.

3-61

APPENDIX C

CITY OF CHULA VISTA INFORMATION STATEMENT

General Information

Chula Vista is located on San Diego Bay in Southern California, 8 miles south of the City of San Diego and 7 miles north of the Mexico border, in an area generally know as "South Bay." Chula Vista's city limits cover approximately 50 square miles. Neighboring communities include the City of San Diego and National City to the north and the City of Imperial Beach and the communities of San Ysidro and Otay Mesa to the south. With a January 2007 estimated population of 227,723, Chula Vista is the second largest city in the County.

General Organization

The City of Chula Vista was incorporated as a general law city on March 17, 1911, and operates under the council/manager form of government. It became a charter city in 1949. The City is governed by a five-member council consisting of four members and a Mayor, each elected at large for four-year alternating terms. The positions of City Manager and City Attorney are filled by appointments of the Council. The City of Chula Vista currently employs approximately _____ staff members including sworn officers and fire personnel.

Governmental Services

Public Safety and Welfare

The City of Chula Vista Police Department consists of ___ sworn officers and non-sworn personnel providing patrol, traffic, animal control and investigations. There are eight fire stations located in and operated by the City, staffed by ___ fire personnel.

Community Services

Services provided by the City include building permit and inspection, planning and zoning, landscape and public infrastructure maintenance, street cleaning, traffic signal maintenance and municipal code compliance.

Public Services

Water is supplied to Chula Vista by the Otay Water District and the Sweetwater Water District. Sewer service is provided by the City. Electric power and natural gas are provided by San Diego Gas and Electric.

Parks and Recreation

The Chula Vista Public Library is comprised of three individual libraries with over 432,000 volumes available and connected by a wide-area network. The Library delivers books in English and Spanish, videos and CDs, and community programming to the City's residents nearly every day of the year. The Library contains an Office of Cultural Arts dedicated to advancing the arts and culture in a manner designed to preserve the diverse cultures of the area.

In addition, Chula Vista provides a variety of cultural and educational facilities such as the Chula Vista Heritage Museum, Onstage Playhouse, and the San Diego Junior Theater.

The Chula Vista Recreation Department provides citizens with a variety of park and recreational services on a year round basis. Facilities include nine community and recreation centers, including a youth community center and a senior center. The City also has two community pools open year round, 46 community and neighborhood parks, and a Memorial Bowl with seating for 700 at which the City's Summer Concert Series is hosted. The City also has after-school programs throughout the community. The City will open three new parks and community centers this year.

Community Facilities and Services

Public educational instruction for kindergarten through high school is provided by the Chula Vista Elementary School District and Sweetwater Union High School District. These districts administer 42 elementary schools, one junior high school, ten middle schools, 11 senior high schools, one continuation high school, one alternative program school and one charter school. Southwestern College, a two year Community College, has enrollment of approximately 19,000. There are also four adult education schools and 16 private schools. There are seven universities or colleges within 30 minutes commuting distance from Chula Vista in the San Diego metropolitan area. The City is currently planning a four-year college campus, to be located on a 400 acre property adjoining the Olympic Training Center.

There are two acute-care hospitals, two psychiatric hospitals and three convalescent hospitals, and more than 400 medical doctors and allied professionals in Chula Vista.

There are two daily, one weekly and one semi-weekly newspapers published and circulated in Chula Vista.

Chula Vista has more than 60 churches and nearly 100 service, fraternal and civic organizations.

The City's mediterranean climate lends itself to many outdoor recreational activities. Chula Vista is home to the 20,000 seat Coors Amphitheatre, the Chula Vista Nature Center, Knotts Soak City USA, four golf courses, numerous parks and open spaces, and a harbor which includes two marinas, an RV park, and several restaurants.

In addition, Chula Vista is the location of the United States Olympic Training Center. This is the third such training center in the nation and the only year round training facility. The center is located on a 150-acre property donated by EastLake Development Company adjacent to the Otay Lake reservoir.

Transportation

U.S. Highways 5 (along the coast) and 805 (inland) provide full freeway access from Chula Vista north to San Diego and south to the Mexican border. Commuter rail service is provided by the San Diego Trolley, a light rail system started in 1981 and 11 bus routes serve Chula Vista.

The City has recently introduced Chula Vista Express, a three-part pilot commuting program to promote public transportation, carpooling, vanpooling, biking and walking to work as alternatives to driving alone. If offers free bus service from eastern Chula Vista to downtown San Diego, a free shuttle from eastern Chula Vista to the H Street Trolley Station to a cash incentive for riding or joining a vanpool or carpool.

San Diego's Lindbergh International Airport is 15 minutes to the north of Chula Vista, providing air cargo and passenger flights is served by all major airlines. Cargo shipping is available at the Unified Port of San Diego, which serves as a transshipment facility for the region, which includes San Diego, Orange, Riverside, San Bernardino and Imperial counties, plus northern Baja California, Arizona and points east.

Population

The following table provides a comparison of population growth for Chula Vista, surrounding cities and San Diego County between 2003 and 2007

TABLE NO. C-1
CHANGE IN POPULATION
CHULA VISTA, SURROUNDING CITIES AND SAN DIEGO COUNTY
2003 – 2007

	CHULA VISTA		SURROUNDING CITIES		SAN DIEGO COUNTY	
Year	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change
2003	200,271		183,304		2,972,832	
2004	208,768	4.2%	178,183	(2.8)%	3,011,526	1.3%
2005	216,999	3.9%	182,223	2.3 %	3,038,579	0.9%
2006	223,533	3.0%	180,921	(0.7)%	3,064,113	0.8%
2007	227,723	1.9%	181,327	0.2%	3,098,269	1.1%
% Increase Between 2003 - 2007		13.7%		(1.1)%		4.2%

Surrounding cities include El Cajon, Coronado and National City.

Source: State of California, Department of Finance, "*E-4 Population Estimates for Cities, Counties and the State, 2001-2007, with 2000 Benchmark.*"

Effective Buying Income

The most recently available effective buying income information for the City of Chula Vista, San Diego County, the State of California and the United States is summarized in the following table.

TABLE NO. C-2
EFFECTIVE BUYING INCOME
CITY OF CHULA VISTA, SAN DIEGO COUNTY, CALIFORNIA AND UNITED STATES
2000 – 2004

Year	Chula Vista	San Diego County	State of California	United States
2000	$42,550	$44,292	$44,464	$39,129
2001	42,229	44,146	43,532	38,365
2002	40,578	42,315	42,484	38,035
2003	42,389	43,346	42,924	38,201
2004	45,145	44,506	43,915	39,324

Source: Sales and Marketing Management, "*Survey of Buying Power.*"

Employment and Industry

The City is located in the San Diego-Carlsbad-San Marcos Metropolitan Statistical Area (MSA). Six major job categories constitute 77.9% of the work force. They are government (16.8%), professional and business services (16.5%), service producing (15.0%), leisure and hospitality (12.1%), educational and health services (9.8%), and manufacturing (7.7%). The November 2007 unemployment rate in the San Diego-Carlsbad-San Marcos MSA was 4.8%. The State of California November 2007 unemployment rate (unadjusted) was 5.6%.

TABLE NO. C-3
SAN DIEGO-CARLSBAD-SAN MARCOS MSA
WAGE AND SALARY WORKERS BY INDUSTRY [(1)]
(in Thousands)

Industry	2003	2004	2005	2006	2007
Government	216.7	217.2	217.9	222.2	224.3
Other Services	46.4	48.2	48.7	49.5	51.3
Leisure and Hospitality	142.1	144.4	149.7	157.4	161.5
Educational and Health Services	123.1	122.3	124.5	126.3	130.4
Professional and Business Services	203.0	206.6	211.8	216.2	220.0
Financial Activities	80.6	82.5	84.2	82.2	81.3
Information	36.6	37.1	37.4	37.4	38.4
Transportation, Warehousing and Utilities	28.0	29.1	28.1	28.9	29.1
Service Producing					
Retail Trade	147.2	152.0	153.6	152	153.4
Wholesale Trade	41.9	42.4	44.5	45.1	46.2
Manufacturing					
Nondurable Goods	26.2	25.7	25.3	25.6	25.3
Durable Goods	78.0	78.9	78.5	77.4	77.8
Goods Producing					
Construction	82.3	90.0	91.6	90.5	85.0
Natural Resources and Mining	0.4	0.4	0.4	0.5	0.5
Total Nonfarm	1,252.5	1,276.8	1,296.2	1,311.2	1,324.5
Farm	11.1	10.8	10.6	11.0	10.5
Total (all industries)	1,263.6	1,287.6	1,306.8	1,322.2	1,335.0

(1) Annually, as of November 2007.

Source: State of California Employment Development Department, Labor Market Information Division, "*Industry Employment & Labor Force - by month, March 2006 Benchmark.*"

3-65

The major employers operating within the City and their respective number of employees as of June 30, 2007 are as follows:

Name of Company	**Employment**	**Type of Business/Product**
Sweetwater Union High School District	4,515	Education
Chula Vista Elementary School District	2,708	Education
Southwestern Community College	2,503	Education
Rohr Inc./Goodrich Aerospace	1,903	Aerospace Manufacturing
City of Chula Vista	1,661	Government
Sharp Chula Vista Medical Center	1,410	Hospital
Wal-Mart	950	General Merchandise
Scripps Mercy Hospital Chula Vista	900	Hospital
United Parcel Service	636	Parcel Delivery System
CostCo Wholesale Corp.	614	General Merchandise

Source: City of Chula Vista.

Commercial Activity

The following table summarizes the most recently available published information of volume of retail sales and taxable transactions for the City of Chula Vista for 2002 through 2006 (the most recent year for which statistics are available). The City's reported sales tax increased 8% in 2007, and is budgeted to increase by 1% in 2008.

TABLE NO. C-4
CITY OF CHULA VISTA
TOTAL TAXABLE TRANSACTIONS
(in Thousands)
2002 – 2006

Year	Retail Sales ($000's)	% Change	Retail Sales Permits	Total Taxable Transactions ($000's)	% Change	Issued Sales Permits
2002	1,513,809		1,883	1,729,158		3,737
2003	1,642,889	8.5%	2,092	1,857,233	7.4%	3,921
2004	1,845,573	12.3%	2,199	2,073,340	11.6%	4,166
2005	1,969,633	6.7%	2,290	2,195,438	5.9%	4,324
2006	2,218,840	12.7%	2,306	2,450,714	11.6%	4,438

Source: State Board of Equalization, *"Taxable Sales in California."*

The following table compares taxable transactions for the City of Chula Vista and surrounding cities for the years 2002 through 2006 (the most recent year for which statistics are available).

TABLE NO. C-5
CHANGE IN TOTAL TAXABLE TRANSACTIONS
CHULA VISTA AND SURROUNDING CITIES
(in Thousands)
2002 – 2006

City	2002	2003	2004	2005	2006	% Change from 2002 - 2006
CHULA VISTA	$1,729,158	$1,857,233	$2,073,340	$2,195,438	$2,450,714	41.7%
El Cajon	1,817,568	1,939,482	2,103,099	2,133,796	2,114,311	16.3%
Coronado	175,648	179,418	188,172	201,531	209,285	19.2%
National City	1,301,407	1,389,042	1,551,301	1,586,364	1,510,206	16.0%

Source: State Board of Equalization, *"Taxable Sales in California."*

3-67

Taxable transactions by type of business for the City of Chula Vista for 2002 through 2006 (the most recent year for which statistics are available) are summarized in Table No. C-6.

TABLE NO. C-6
CITY OF CHULA VISTA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in Thousands)
2002 – 2006

	2002	2003	2004	2005	2006
Retail Stores					
Apparel Stores	$ 67,035	$ 67,114	$ 82,165	$ 97,384	$ 113,580
General Merchandise Stores	525,423	553,979	609,028	657,886	720,695
Food Stores	99,897	103,155	106,056	109,036	107,241
Eating/Drinking Places	169,892	188,675	213,412	227,633	248,028
Home Furnishings and Appliances	74,255	78,561	87,203	86,380	80,769
Building Materials and Farm Implements	91,235	100,504	142,321	149,598	147,203
Auto Dealers/Suppliers	156,872	178,733	191,185	188,012	262,877
Service Stations	123,636	148,318	174,968	199,735	227,086
Other Retail Stores	205,564	223,850	239,235	253,969	311,361
Total Retail Stores	**1,513,809**	**1,642,889**	**1,845,573**	**1,969,633**	**2,218,840**
All Other Outlets	215,349	214,344	227,767	225,805	231,874
Total All Outlets	**$1,729,158**	**$1,857,233**	**$2,073,340**	**$2,195,438**	**$2,450,714**

Source: State Board of Equalization, *"Taxable Sales in California."*

3-68

Building Activity

The following table summarizes building activity valuations for the City of Chula Vista for the years 2003 through 2007.

TABLE NO. C-7
CITY OF CHULA VISTA
BUILDING ACTIVITY AND VALUATION
(in Thousands)
2003 – 2007

	2003	2004	2005	2006	2007
Residential	$569,435,026	$703,847,604	$440,321,520		
Non-Residential	92,855,876	123,793,323	111,908,460		
Total Valuation	**$662,290,902**	**$827,640,927**	**$552,229,980**		
Total Permits	**6,557**	**6,951**	**5,770**		

Source: City of Chula Vista.

3-69

APPENDIX D

AGENCY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2007

3-70

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[to be provided by Disclosure Counsel]

3-71

APPENDIX F
FORM OF BOND COUNSEL OPINION

[to be provided by Bond Counsel]

3-72

APPENDIX G
SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

3-73

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

3-74

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

RESOLUTION NO. _______

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CHULA VISTA REDEVELOPMENT CORPORATION RECOMMENDING THE ISSUANCE BY THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA OF NOT TO EXCEED $24 MILLION PRINCIPAL AMOUNT 2008 TAX ALLOCATION REFUNDING BONDS FOR THE MERGED REDEVELOPMENT PROJECT

WHEREAS, by ordinances of the City Council of the City of Chula Vista, the City has duly taken action to merge the Town Centre No. II Redevelopment Project, the Otay Valley Road Redevelopment Project and the Southwest Redevelopment Project into a single project area for financial purposes pursuant to the Redevelopment Law, and as so merged and subsequently amended in compliance with all requirements of the Redevelopment Law, such project areas are referred to herein as the Merged Redevelopment Project; and

WHEREAS, the Redevelopment Agency of the City of Chula Vista (the "Agency") will consider authorizing and approving the issuance of its not to exceed $24 million principal amount Redevelopment Agency of the City of Chula Vista, 2008 Tax Allocation Refunding Bonds (Merged Redevelopment Project) (the "2008 Bonds") pursuant to the provisions of the Redevelopment Law to (i) to provide funds to refund part or all of the Agency's 2000 Tax Allocation Bonds (Merged Redevelopment Project) for cash flow purposes and (ii) as to not to exceed $6 million in aggregate principal amount of 2008 Bonds, to reimburse costs of capital relating to certain certificates of participation of the City, to repay certain loans made by the City of Chula Vista to the Agency, and to pay or repay the costs of redevelopment activity of the Agency for the Merged Redevelopment Project; and

WHEREAS, the Agency governing board will consider on or after March 18, 2008 its resolution (the "Agency Resolution") providing for the issuance of the 2008 Bonds;

WHEREAS, the Board of Directors of the Chula Vista Redevelopment Corporation (the "Corporation") wishes at this time to recommend to the Agency Board the issuance and sale of the 2008 Bonds by the Agency.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Chula Vista Redevelopment Corporation as follows:

Section 1. <u>Approval of the 2008 Bonds</u>. The issuance and sale of the 2008 Bonds by the Agency in the aggregate principal amount of not to exceed $24 million, substantially in accordance with the Agency Resolution and for the purposes described herein be and is hereby recommended to the governing board of the Agency.

Section 2. <u>Official Actions</u>. The Chief Executive Officer, Chief Financial Officer and the Secretary, and any and all other officers of the Corporation, are hereby authorized and directed, for and in the name and on behalf of the Corporation, to do any and all things and take any and all actions, including execution and delivery of any and all certificates, agreements, notices, consents, warrants and other documents which they, or any of them, may deem necessary or advisable in order to assist the Agency with the lawful issuance and sale of the 2008 Bonds, as described herein.

Section 3. Effective Date. The Secretary shall certify to the passage and adoption of this Resolution, which shall take effect immediately upon its adoption.

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I HEREBY CERTIFY that the foregoing Resolution was introduced at a regular meeting of the Board of Directors of the Chula Vista Redevelopment Corporation held March 13, 2008, by Board member __________ who moved its adoption and passage, by the following vote:

AYES:

NOES:

ABSENT:

SECONDED:

APPROVED:

____

ATTEST:

____
Secretary